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ABSTRACT

This document outlines the joint hearing before the House of Representatives, between the Committee on Ways and Means, Subcommittee on Human Resources and the Committee on Economic and Educational Opportunities, Subcommittee on Early Childhood, Youth and Families. The hearing was scheduled out of concern by Congress members over the proliferation of child care and child welfare programs. There are now more than 45 child care and 35 child and welfare abuse programs in the United States, many of them serving at cross purposes. The hearing begins with an address by Chairman, E. Clay Shaw, and is followed by witness testimonies, including: (1) Ruth Massinga, the Casey Family Program; (2) Helen Blank, the Children s Defense Fund; (3) Carol Bevan, National Council for Adoption; (4) Wade Horn, National Fatherhood Initiative; and (5) Karen Highsmith, New Jersey Department of Human Services. Submissions for the record include statements from: (1) Marcia R. Lowry, American Civil Liberties Union; (2) American Psychological Association; (3) Kenneth Mazik, AuClair Programs; (4) William Tobin, Child Care Institute of America and Early Child Development Center; (5) Child Welfare League of America; (6) Martha Williams, Concord Coalition; (7) Roberta Wroblewski and Elissa Bassler, Day Care Action Council of Illinois; (8) William Tobin, Early Childhood Development Center Coalition and Child Care Institute; (9) Carlos Romero-Barcelo, Commonwealth of Puerto Rico; and (10) Prema Mathai-Davis, YWCA. (BCG)

PS

ED 394 637

CHILD CARE AND CHILD WELFARE

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS

AND THE

SUBCOMMITTEE ON EARLY CHILDHOOD, YOUTH, AND FAMILIES

OF THE

COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES

HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

FEBRUARY 3, 1995

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
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Committee on Economic and Educational Opportunities Serial 104–30

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CHILD CARE AND CHILD WELFARE

FRIDAY, FEBRUARY 3, 1995

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
JOINT WITH COMMITTEE ON
ECONOMIC AND EDUCATIONAL OPPORTUNITIES,
SUBCOMMITTEE ON EARLY CHILDHOOD, YOUTH AND FAMILIES,
Washington, D.C.

The subcommittees met, pursuant to call, at 9:10 a.m., in room 1100, Longworth House Office Building, Hon. E. Clay Shaw, Jr. (chairman, Subcommittee on Human Resources) and Hon. Randy Cunningham (chairman, Subcommittee on Early Childhood, Youth and Families) presiding.

[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE
January 31, 1995
No. HR. 3

CONTACT: (202) 225-1025

SHAW ANNOUNCES JOINT HEARING ON CHILD CARE AND CHILD WELFARE

Congressman E. Clay Shaw, Jr. (R-FL), Chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will conduct a joint hearing with the Subcommittee on Early Childhood, Youth and Families of the Committee on Economic and Educational Opportunities. The focus of the hearing is how to better serve working families, and abused and neglected children, by streamlining federal child care and child welfare programs. **The hearing will be held on Friday, February 3, 1995, in the main Committee hearing room, 1100 Longworth House Office Building, beginning at 9:00 a.m.**

In view of the limited time available to hear witnesses, the Subcommittee will not be able to accommodate requests to be heard other than from those who are invited. Those persons and organizations not scheduled for an oral appearance are encouraged to submit written statements for the record of the hearing.

BACKGROUND:

For years, there has been concern among Members of Congress about the proliferation of welfare programs at the federal level. These programs constitute a jungle of rules and regulations that strangle the delivery of services to families in need.

Two areas of welfare policy that suffer greatly from the tentacles of bureaucracy are child care and child welfare. There are now more than 45 child care and 35 child and welfare abuse programs serving at cross purposes.

DISCUSSION:

Shaw said that he is pleased that, for the first time in many years, the Ways and Means Committee is working closely with the Economic and Educational Opportunities Committee, formerly known as the Education and Labor Committee.

"If we are going to help the states do a good job of supporting working families and of protecting abused and neglected children, we simply must lift the huge bureaucratic burden that now comes with federal dollars," Shaw said. "The purpose of our hearing with the Opportunities Committee is to get advice about how to effectively help the states escape the bureaucratic trap.

"One reason we have so many programs is that in the past, every committee wanted to have its own programs," Shaw continued. "Since November, our two Committees have been working together to consolidate these programs. To do so, both of our Committees are willing to give up programs -- something that completely violates the old rules by which the Congress was conducted."

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS

Any person or organization wishing to submit a written statement for the printed record of the hearing should submit at least six (6) copies of their statement by the close of business, Friday, February 10, 1995, to Philip D. Moseley, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Subcommittee on Human Resources, room B-317 Rayburn House Office Building, at least one hour before the hearing begins.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.

4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

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Chairman **Shaw**. Good morning and welcome to a joint session of two subcommittees of the Ways and Means Committee and Economic and Educational Opportunities Committee. I will now yield to Mr. Cunningham, who will chair the first part of this morning's meeting.

Chairman **Cunningham**. Thank you, Mr. Chairman and good morning. I am used to running a pretty tight ship. This morning we have—the green light, the 4 minutes, the gold light is 1 minute for the panelists and if a member asks a question and it goes into the gold light, once the red light comes on, that member has about 30 seconds to answer that question so I would ask members to ask their question during the green light at least. The interviewer can ask the question, but the interviewee will conclude and they can submit the answer for the record.

I will have an opening statement. Mr. Ford, who is the ranking minority, will have a statement and then we will press right on with the witnesses.

I would like to, first of all, thank Chairman Shaw for agreeing to host this hearing. They have a much nicer room than we do down in Education and maybe we will switch.

Before us today lies the human wreckage of the Great Society programs. A system of welfare conceived with the highest hopes has laid families low. It encourages births out of wedlock, also it separates families, it entraps men and women in a horrible style of child welfare and dependency, more aptly welfare slavery.

The most responsive government is that which is closest to the citizens who pay for it, so this Congress will look favorably upon consolidating many of the child care programs now available into block grants to the States and localities. Communities will have the flexibility to develop the highest quality child care for their own citizens.

Such grants will have appropriate guidelines and measure success not by bureaucracies, not by Ps and Qs, but by the results themselves. Defenders of the status quo oppose this flexible, responsible, accountable approach. They will say children need Washington and Washington alone to watch their interests. But Americans have grown weary of pledges, of bureaucrats and special interests entrenched in their ivory Washington towers forever admiring the complexity of their own programs.

Difficult as it may seem, bureaucrats, grantwriters and liberal special interests benefit directly and financially from the complexity of these programs and the confusion and pain they cause for parents and their children. For a change, let us listen to the children who are bound in third generations of welfare dependency. Let us listen to the men and women who work hard to pay their taxes, only to watch these taxes consumed by bureaucrats and trickled down to those they keep destitute, and let us listen to the poor American children in cities and rural areas who begin their lives with two strikes against them if they are bound in slavery and their parents are kept from working and improving their lives.

[The prepared statement follows:]

Testimony of
Rep. Randy "Duke" Cunningham

Chairman, Subcommittee on Early Childhood, Youth and Families
House Committee on Economic and Educational Opportunities

In Joint Hearing with the
House Ways and Means Subcommittee on Human Resources

on Child Care and Child Welfare Reform

February 3, 1995
9:00 a.m.
Room 1100, Longworth House Office Building

Good morning. As Chairman of the House Early Childhood, Youth and Families Subcommittee, I thank Chairman Shaw for agreeing to host this hearing. The gentleman from Florida is widely recognized as a vigorous and respected authority on the issue of child care and child welfare reform.

In this past month alone, the new Republican Congress has enacted historic congressional reforms, forwarded to the Senate a Balanced Budget Amendment to the Constitution, nearly completed work on unfunded mandates legislation which has the President's support, and begun a debate on the Line-Item Veto. Each of these, while important, neither touches so many families, nor offers so much hope to our nation's future, as the Personal Responsibility Act. Its provisions on child care are under the jurisdiction of my Subcommittee on Early Childhood, Youth and Families. Its beneficiaries are our poor families and their children.

Within blocks of this Capitol lie the human wreckage of the Great Society. A system of welfare, conceived with the highest hopes, has laid families low. It encourages births out of wedlock. It separates families. It entraps men and women into a horrible cycle of welfare dependency -- or, more accurately, welfare slavery. Most important to the purposes of my Subcommittee, the welfare system penalizes parents on welfare from seeking job training and work.

In testimony before my Subcommittee January 31, 1995, Jane L. Ross, the Director of Income Security Issues in the Health, Education and Human Services Division of the General Accounting Office, stated clearly the practical obstacles that the tangle of current programs places before welfare mothers. Quoting now,

> "We found that the categorical nature of child care subsidy programs creates service gaps that diminish the likelihood that low income mothers will work. The fragmented nature of the child care funding streams, with entitlements to some client categories, time limits on others, and activity limits on still others, provides unintended gaps in services, which limit the ability of low-income families to achieve self-sufficiency. moreover, as states deplete funds for welfare recipients, we found that they turn to funds originally targeted for the child care needs of the working poor, putting them at greater risk for welfare dependency." (Child Care: Narrow Subsidy Programs Create Problems for Mothers Trying to Work, GAO/T-HEHS-95-69, Jan. 31, 1995)

Let me put this in common-sense, everyday terms. A mother on welfare cannot go to work unless she can get care for her child. If she lands a job, maybe she gets child care, maybe not, but often the salary minus child care expenses minus health premiums adds up to less than her old welfare check and its benefits. The system tells her work doesn't pay, and she's trapped in welfare. Stranger still, a working mother with a low income often cannot accept a pay raise, because it would place her income above a certain threshold level, and reduce her child care subsidy by an amount greater than her raise. She cannot win for losing. The haphazard, patchwork nature of the current welfare system is full of these perverse incentives. It is a tragedy for families. It is a tragedy for children. It is criminal. Welfare is a web that ensnares them, consumes them, and will not let them free. Americans who cherish both our liberty and our responsibility find this condition intolerable. And many Americans who are less fortunate find this obstacle insurmountable.

Thus, we cannot reduce welfare dependency, we cannot move parents off of welfare into work, unless we start again at the very beginning. It is not enough, and in fact it is damaging, to address this challenge piecemeal. We need a new approach.

The most responsive government is that which is closest to the citizens who pay for it and use it. Who knows best what child care program meets the needs of low-income parents in Poway, California -- Californians, or bureaucrats inside the Beltway? Californians, of course. So this Congress will look favorably upon consolidating the mess of child care programs now available into block grants to the states and localities. Communities will have the flexibility to develop the highest-quality child care for their own citizens. Such grants will have appropriate guidelines, and measure success not by bureaucratic "p's" and "q's," but by results.

Flexibility, tempered with responsibility and accountability, will yield the quality results we all desire for our nation's children.

Defenders of the status quo oppose this flexible, responsible, accountable approach. They will say children need Washington and Washington alone to watch their interests. But Americans have grown weary of the pleadings of bureaucrats and special interests entrenched in their ivory Washington towers, forever admiring the complexity of their own programs. Difficult as it may seem, bureaucrats, grant writers, and liberal special interests benefit directly and financially from the complexity of these programs, and the confusion and pain they cause poor parents and their children.

Americans demand a change.

For a change, let us listen to the children who are bound in a third generation of welfare dependency. Let us listen to the men and women who work hard to pay their taxes, only to watch those tax dollars consumed by bureaucrats, and trickled-down to those they keep destitute. And let us listen to poor American children, in cities or rural areas, who begin their lives with two strikes against them if they are bound in the slavery of welfare, and their parents are kept from working and improving their own lives.

We are compelled to act because America can no longer bear the injustice and devastation of the current system. Where Washington and its bureaucracy have failed, we believe Americans and their ingenuity can succeed.

Chairman Cunningham. I would ask our first—first, I will have the opening statement from the ranking minority member, Harold Ford.

Mr. Ford. Today, we will focus on child care in welfare services for families. Democrats and Republicans alike want to see our welfare system transformed into one where parental responsibility is emphasized, where child support and work are the prime sources of family income. Democrats are pleased that our Republican colleagues have expressed the willingness to add child support enforcement provisions to the Contract With America.

As originally proposed, the Contract only held one parent responsible, the mother. Child support will assure that both parents contribute. If we expect poor parents to work, however, we must also address their child care needs. The fact is, no parent will be a good employee and stay on the job if they can't find stable, safe, affordable child care. That means preserving Federal resources for child care and minimizing bureaucracy so we can make the best use of scarce dollars.

On our topic today, child welfare, there have been many rumors over the past few weeks about Republican proposals to block grant child welfare funds. The whole idea troubles me. Our child welfare system tries to help the most vulnerable children in the entire country, those who have been abused, neglected, removed from their homes, are in foster care or in need of adoption.

The number of children coming into this system has skyrocketed in recent years thanks to crack, homelessness and more poverty. And caps on Federal subsidies for foster care and adoption will be devastating for these children in many States. Before you will get my support, Mr. Chairman, and members of this committee, on many of these issues for anything close to a block grant for child welfare services, I would have to be assured beyond a doubt that it means that we will be able to serve children much better than we have been able to do in the past and to make sure that we take a closer look at these block grants that we are now talking about to the States.

We must be assured that none of them will hurt the children. We are trying to make sure that we have safeguards for them and make sure that we place those safeguards in whatever we do. Hopefully, this committee will hear from the witnesses and move forward in this area, but we move with caution and will be very careful as to what we might do as it relates to any block grants in these programs.

Chairman Cunningham. The minority leader of the House and Early Childhood Subcommittee, Dale Kildee, will hold off his opening remarks and I thank Dale for coming. We work very, very well together. He was my chairman last session and was most fair and honorable in that position and we get along very well and we work very well together.

I would like, at this time, to invite Hon. Mary Jo Bane, Dr. Bane, Assistant Secretary for Children and Families, U.S. Department of Health and Human Services, to take a seat. I would remind both the panelists and the members that the green light is 4 minutes, the gold light is 1 minute. If you ask your questions into the gold light and it goes into the red, I will wait approximately 30 seconds and ask the witness to conclude.

Dr. Bane, welcome. We look forward to having your testimony. I know it is early and we are looking at a snowstorm, so hopefully we can get the testimony out of the way.

STATEMENT OF HON. MARY JO BANE, PH.D., ASSISTANT SECRETARY FOR CHILDREN AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. **BANE**. Chairman Cunningham, Chairman Shaw, members of the committee, I am delighted to be here to talk to you about child care and child welfare. I would like to briefly summarize the longer statement that I have submitted for the record. First, child care.

This morning all across the Nation, millions of young children are participating in some form of child care while their parents are working or going to education and training. We believe that there is an emerging consensus that successful child care must focus on both parents' economic independence and children's healthy development; that it must allow real choice of quality care to families with children from birth through school age; that it must encourage continuity of care for the child; that it must establish linkages with health and family services; and that it must provide for the ongoing training and support of the child care work force.

Achieving this we believe will require both strong national leadership and increased State flexibility. As Assistant Secretary for Children and Families, I am responsible for the administration of the four largest child care programs in addition to the child welfare programs and the welfare programs.

For working parents and for those who are seeking to establish a foothold in the labor force, child care is an essential service. Because of the four programs that we administer, many low-income parents, who would otherwise be unable to seek and hold employment, are able to locate affordable care for their children and many children are in healthy, safe and nurturing settings.

Many people in this room understand how difficult it is to locate satisfactory child care which is reliable and responsive to their needs. These difficulties are multiplied for low-income families who live on low wages, who live in neighborhoods with fewer resources, who work more irregular hours, face more job turnover, health problems, other disruptive forces in their lives, who attend education and training programs so they can upgrade their skills and earn a living wage, who lack reliable and convenient transportation and who have more worries about their personal security.

To strengthen and expand on services, we are very interested in working with Congress on proposals that would build upon the core elements of the Child Care and Development Block Grant and that would embody the following key principles.

First, child care funding must be sufficient to ensure adequate support to families in work, education and training. Second, parents must be able to choose quality child care from a range of options while assuring minimum health and safety protections. And third, programs should be designed to ensure that continuity of care is provided to children and families and that programs are responsive to the needs of families.

Parents who are moving toward self-sufficiency must be confident that quality child care is available for their children. If we require all parents to become active and productive workers, we must not abandon them in their efforts to care for their children. At the same time, we must continue to expand child care opportunities to those working parents who are struggling to remain out of the welfare system.

I would now like to move to a brief discussion of the child welfare programs. In 1992, almost 3 million children were involved in reports of child abuse or neglect. Of these reports, about 40 percent, involving almost 1 million children, were substantiated. About 18 percent of the children found to be abused and neglected required placement outside their homes for at least some period of time to assure their protection.

We share the view broadly held by welfare professionals in the field that for too many children today's system falls short of its goals. We believe that there is an emerging consensus around a vision for child welfare services. It is a vision where the first priority of child welfare services is to ensure the safety of children and family members, where all services build on the resources and strengths of families to support children's healthy development, where the community is the first line of support for families, and where all communities offer a continuum of child welfare services from early prevention to foster care, reunification and adoption.

As we focus anew on how to enable the child welfare system to meet the needs of society's most troubled families, we must again balance the need for State flexibility with the Federal role of ensuring accountability for high quality outcomes for children and families.

In closing, I want to thank the members of these committees for their interest and commitment to improving the lives of young children and their families through the provision of quality, affordable child care and the strengthening of child welfare programs. We look forward to working with both committees, the Congress and the States on each of these critical programs and I would be happy to answer questions at this time.

[The prepared statement follows:]

TESTIMONY OF MARY JO BANE
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Chairman Cunningham, Chairman Shaw, and members of the Committees, thank you for giving me the opportunity to come before you today to speak about the issues involving child care and child welfare programs. Child care is of critical importance to America's working parents and their children. Child welfare programs are extremely important because they serve millions of the most vulnerable children and families in our nation, often at times of terrible crisis.

This morning, all across the nation, millions of young children are participating in some form of child care while their parents are working or receiving education and training. The dramatic increase in labor force participation of mothers has heightened attention to child care in recent years. By 1993, three-quarters of all mothers with children aged 6-17, and sixty percent of mothers with children under age six, were in the labor force. Today, over half of all mothers whose youngest child is under age two are in the labor force. Their high usage of child care increases our national stake in its quality.

We believe that there is an emerging consensus that successful child care must:

- o Focus on both parents' economic independence and children's healthy development.
- o Allow real choice of quality care to families with children from birth through school age.
- o Encourage continuity of care for the child, regardless of the changes in the employment of the parent.
- o Establish linkages with health and family services.
- o Provide for the ongoing training and support of the child care workforce.

Achieving this vision will require both strong national leadership and increased state flexibility.

As Assistant Secretary for Children and Families, I am responsible for the administration of the four main child care programs: the Child Care and Development Block Grant (CCDBG), Child Care for AFDC recipients, Transitional Child Care (TCC), and At-Risk Child Care (ARCC). I would like to focus my remarks today on the progress we have made toward achieving this vision over the past few years and the progress yet to be made toward safe and affordable child care options for families.

We are interested in working with Congress on proposals that would build upon the core elements of the Child Care and Development Block Grant and that would embody the following key principles:

- o **Resources for Child Care.** Child care funding must be sufficient to ensure adequate support to families in work, education, and training. Parents moving toward self-sufficiency must be confident that quality child care is available for their children. At the same time, we must continue to expand child care opportunities to those working parents who are struggling to remain out of the welfare system.
- o **Choice of Quality Care.** Parents must be able to choose quality child care from a range of options.

Consumer information must be provided in order to encourage informed choice. Minimum health and safety protections of children must be assured. Mechanisms should be in place to build the supply and improve the quality of child care.

- **Continuity and Responsiveness.** Programs should be designed to ensure that continuity of care is provided to children and families and programs are responsive to the needs of families. Linkages must be made across programs and community input must be ensured.

RESOURCES FOR CHILD CARE

For working parents and those seeking to establish a foothold in the labor force, child care is an essential service. Child care support is particularly critical for low-income parents because child care costs are such a significant part of a low-income family's budget. Poor working families who pay for child care spend more than a quarter of their income on child care.

Child care is a very personal matter, and the choice of care needs to be made by parents based on their own knowledge of what will work best for them and their children. As a result, children are, and should be, cared for in many different kinds of arrangements. Some children are being cared for in their own homes; others are in family child care homes, where individual providers care for a small number of children in residential settings; still others are in larger, more formal child care centers, which are staffed by a number of providers. Regardless of the setting, all children should enjoy basic health and safety protections and be in environments that enhance their growth and development.

Many people in this room understand how difficult it is to locate satisfactory child care which is reliable and responsive to their needs. These difficulties are multiplied for low-income families who: live on low wages, live in neighborhoods with fewer resources; work more irregular hours; face more job turnover, health problems or other disruptive forces in their lives; attend education and training programs -- perhaps on a part-time or short-term basis -- so that they can upgrade their skills and earn a living wage; lack reliable or convenient transportation; and have more worries about their personal security.

The four main ACF child care programs focus on assisting individuals in low-income families who are employed, or in education and training for employment, and who need child care to achieve or maintain self-sufficiency. ACF programs also serve families with children who need protective services. In FY 93, more than 1 million children received services through the four ACF programs, at a federal cost of $1.7 billion dollars.

- **The Child Care and Development Block Grant** (CCDBG) provides federal funds to the states, territories, and tribes for child care assistance to provide grants, contracts, and certificates for child care services for low-income families. To be eligible, a family must need child care because a parent is working or attending a training or educational program or because the children receive or need to receive protective services. In addition, CCDBG provides funds to increase the availability and quality of child care services.

In FY 1993 over 750,000 children received child care services paid for in whole or part with CCDBG funds. Over 90% of the children served needed care because their parents were working or in training or education, and over 65% of the children served were in families whose incomes were at or below the federal poverty level.

Through CCDBG, all parents can choose child care that best suits the needs of their children. Sixty-five percent of all children served in FY 1993 were served with a certificate that could be used in a variety of settings.

- **The Family Support Act** provides a critical guarantee of support for child care to individuals receiving Aid to Families with Dependent Children (AFDC) as they pursue employment, education or training which will help them to become economically self-sufficient. In FY 1993, approximately 340,000 children a month received services with AFDC child care subsidies. Of the families served, approximately 70 percent were participants in the JOBS program.

The Family Support Act also guarantees transitional child care assistance for up to 12 months beginning with the month the family becomes ineligible for AFDC as a result of increased work hours, higher earnings, or the loss of the time-limited earned income disregards. Receipt of Transitional Child Care has continued to grow since these benefits were first made available in April 1990. Data for FY 1993 indicate that nearly 85,000 children were served in an average month. All of these families needed child care because they were working.

- **The At-Risk Child Care Program (ARCC)** gives states the option of providing child care to low-income working families who are not receiving AFDC, who need child care in order to work, and who are otherwise at risk of becoming dependent on AFDC. For FY 1993, 47 states and the District of Columbia reported serving an average of about 219,000 children per month through this program. All 50 states and the District of Columbia now have approved ARCC programs.

Because of these four programs, many low-income parents who would otherwise be unable to seek and hold employment are able to locate affordable care for their children, and many children are in healthy, safe, and nurturing settings. According to one mother from California, who left welfare with the assistance of subsidized child care:

> ...I got the child care that I never would have been able to afford....It is a program that worked for me. It is a program that changed my life. It is a program that has given my daughter the opportunity for quality child care, and I appreciate that...it has made a difference.

Yet there are also limits to the ability of these programs to meet family needs. As indicated by the waiting lists reported by state after state, as well as by focus group sessions and hearings we have conducted across the country, there is an enormous unmet need among low-income families for affordable, healthy, and safe child care.

We have taken some initial steps to address the tremendous need for additional resources, but much more must be done. The Administration has proposed increases in funding for child care in every budget submitted to Congress. In addition, in the Administration's Work and Responsibility Act of 1994, which was submitted by the President to Congress last year, we proposed major new investments in child care for families moving towards self-sufficiency. We also proposed significant new investments in child care for families to remain in the workforce, because families should not be forced to get help with child care by going on welfare.

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QUALITY CHILD CARE OPTIONS

Stable, safe, and secure child care is very important for children. For them, the long hours spent in child care are full of opportunities to learn, develop, and grow. Safe, stable, and nurturing environments foster and expand such opportunities, as well as providing positive benefits for parents.

All providers receiving funds under the CCDBG program must meet applicable state and local licensing and regulatory requirements, as well as health and safety requirements set by the states in certain areas, including the prevention and control of infectious diseases, building and premises safety, and provider training. These minimum protections have improved the health and safety of children in child care all across the country.

In addition, CCDBG is the principal source of federal support to strengthen the quality and enhance the supply of child care. Under the CCDBG program, funds must be set aside for activities to improve the quality of child care and to increase the availability of early childhood development programs and before- and after-school care.

Data indicate that about nine percent of the total CCDBG funds are spent on quality activities. States, tribes, and territories have initiated an array of projects with these funds to improve child care services. For example:

- All States are financing consumer education activities.
- States are supporting information, resource, and referral efforts to assist parents' efforts to locate appropriate providers, as well as provider recruitment and training activities.
- States are making substantial progress in their development of automated information and management systems which improve the coordination and delivery of child care benefits.
- States are funding programs for teen parents and linking child care to comprehensive service strategies aimed at staying in school, getting a job, and strengthening parenting skills.
- Special efforts are being made to improve the supply of quality infant care and care for children with special needs since these types of care are generally scarce, yet face increasing demand pressures.

ACF has also taken a number of other steps to help ensure that states, tribes and territories have the support they need to administer quality child care programs:

- We are working with the Maternal and Child Health Bureau to stimulate partnerships between the health and child care communities to ensure safe and healthy environments for children in child care.
- We are providing training and technical assistance efforts to share promising practices and identify areas of need.
- We have launched a National Child Care Information Center to disseminate child care information.

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While these efforts have helped improve child care quality,we have a long way to go to ensure that all parents can feel confident that their child is in a safe, healthy, and nurturing setting.

CONTINUITY AND RESPONSIVENESS

We have a responsibility to the public to ensure continuity of care for children and families and responsiveness to the needs of families. In these times of change, we have been reinventing the government's role in child care. In fact, I think we are ahead of the curve: we have proposed changes to give states, tribes, and territories more flexibility, we are bringing our programs together, reaching out to our customers, and bringing various groups together to focus on the needs of whole families. We see our role as working in partnership with the states, tribes, and territories as well as with other national organizations. In this information age, we plan to do more to share ideas and promising initiatives from across the country. Let me briefly highlight some of our efforts to improve consistency and coordination in child care.

First, last spring, ACF developed and published a Notice of Proposed Rule Making designed to remove barriers to coordination of child care services, to increase state flexibility, and to support states, territories, and tribes in improving the quality of care. The proposed changes cover all four ACF child care programs and reflect input gathered from monitoring reviews and consultations with a wide variety of state officials and other individuals and organizations across the country.

Second, the Work and Responsibility Act of 1994, included several provisions to make the title IV-A child care programs consistent with the Child Care and Development Block Grant, creating a more seamless child care system. The proposal simplifies administration of the child care programs, in part by further standardizing their requirements for provider standards, health and safety, parental access, consumer education, parental choice, and handling of parental complaints. It also proposes uniform reporting and planning in an effort to relieve states of the burden of completing multiple forms and procedures.

Third, we have streamlined federal child care by consolidating the operations of the four main child care programs administered by ACF into a Child Care Bureau. The Child Care Bureau is housed in the Administration on Children, Youth, and Families.

Finally, since several other agencies across the federal government are involved in child care related activities, we have convened a Federal Child Care Partners Group to help bring comprehensive services into child care settings.

CHILD CARE CONCLUSION

We have made important strides in recent years to improve the availability of quality child care. These efforts must continue. We strongly believe that parents moving towards self-sufficiency must be confident that quality child care is available for their children. If we require all parents to become active and productive workers, we must not abandon them in their efforts to care for their children. At the same time, we must continue to expand child care opportunities to those working parents who are struggling to remain out of the welfare system.

CHILD WELFARE INTRODUCTION/BACKGROUND

I'd now like to move on to a discussion of child welfare programs. Our success in strengthening and improving these programs depends in large part on our ability to establish a

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strong national leadership role combined with increased state flexibility. Before addressing what we have accomplished already, and what more needs to be done to achieve this vision, I would like to give a brief overview of the current status of the child welfare system.

In 1992, almost 3 million children were involved in reports of child abuse or neglect. Of these reports, about 40%, involving almost 1 million children, were substantiated. About 18% of the children found to be abused or neglected required placement outside their homes, for at least some period of time, to assure their protection. Not only are these large numbers, but they represent an extremely vulnerable population of children. How well we respond to the unique needs and circumstances of these children and their families has enormous consequences for children's safety and for their future development.

Today's child welfare system includes a wide range of public and private programs that respond to the needs of the most vulnerable children and their families. Beginning with early prevention activities such as family support centers and home visits, the child welfare system includes the reporting and investigation of abuse and neglect through the public child protective agency; the provision of services to families and children to ensure the child's safety and well-being, including foster care when a child cannot remain safely with his or her biological family; and the return of a child to a permanent setting, whether through reunification, adoption, or the transition from foster care to independent living.

We share the view held broadly by child welfare professionals in the field that for too many children, today's system falls short of its goals of safety, permanency, and well-being. Specifically:

- Public child welfare systems have been overwhelmed by recent increases in the number of abuse and neglect reports as well as the increasing complexity and severity of family and community problems such as violence, homelessness, and drug abuse.
- Too often, despite the best efforts of states and communities, child welfare workers are undertrained and stretched far too thin, particularly given the life and death decisions we ask them to make.
- In part as a consequence of this overburdened system, many children spend too many years in limbo between permanent homes. Two-thirds of the children in foster care in FY 1990 had been away from their home for one year or more, and 10 percent for five years or more. Almost 60 percent had been placed in more than one setting during their stay in foster care and almost one-quarter in three or more.
- Often, the child welfare system is isolated from the communities and neighborhoods families live in and from the services that are critically needed by families - such as mental health and substance abuse services, health care, and housing.
- And far too few resources are devoted to prevention, meaning that families often don't get help until after children have been abused or neglected.

A NEW VISION FOR CHILD WELFARE

We believe that there is an emerging consensus in states and communities across the country that child welfare services should work very differently. In many communities and many states, this new vision is emerging bit by bit. It is a vision where:

- The first priority of child welfare services is to ensure the safety of children and all family members.
- All services build on the resources and strengths of families to support children's healthy development.
- The community is the first line of support for families. While a strong public child welfare system exists, families have access to all kinds of informal family support services in neighborhoods and settings that feel comfortable and are easily accessible.
- All communities offer a continuum of child welfare services, from early prevention to foster care, reunification, and adoption. Because children's healthy development is at the center of all decisions, children spend as little time as possible between permanent settings, returning home or to a loving adoptive family as quickly as possible.

Achieving this vision will require both strong national leadership and increased state flexibility. As a former state child welfare Commissioner and now a federal official in contact with the states, I am personally committed to ensuring that we, at the federal level, concentrate our energy where we can have the most effect on high quality services and outcomes for children and families.

THE FEDERAL ROLE

As we move ahead together to reform child welfare services, I would like to reflect briefly on the history of the federal role in protecting vulnerable children and families. The first federal legislation addressing the problem of child maltreatment came in 1974 with the passage of the Child Abuse Prevention and Treatment Act (CAPTA). In passing CAPTA, the federal government made a commitment to support states and localities with funding and technical assistance to improve their response to child abuse and neglect. The legislation has provided a standard to aim for as well as an incentive for states to improve their child protective service systems. In large part due to CAPTA, all states now have in place a system for responding to cases of abuse and neglect, including a statutory and administrative framework to ensure that a cry for help from an injured child will not go unheard.

The next important change in the federal role in child welfare came in 1980. Before 1980, the federal role was limited primarily to funding foster care for the poorest children. In 1980, through the Adoption Assistance and Child Welfare Act (AACWA), Congress significantly reoriented federal involvement to create federal incentives to prevent inappropriate removal of children from their homes and to promote the safe reunification of children with their families or to identify other permanent homes as quickly as possible. More recently, Congress provided new tools and resources for states to use toward preserving families and preventing children from unnecessarily entering the child welfare system.

As we focus anew on how to enable the child welfare system to meet the needs of society's most troubled families, we must balance the need for state flexibility with the federal role of ensuring accountability for high quality outcomes for children and families. On the one hand, I saw during my years in New York how state and local leaders have often brought an extraordinary commitment of resources, creativity, and innovation to child welfare services. Yet at the same time, there is a widespread consensus that performance in today's child welfare systems isn't good enough, that the consequences for children are untenable, and that performance by individual states varies widely. The failures of some state systems have been so marked that more than 20 percent of the states are under court supervision because their programs violate legal requirements.

I believe that the federal government has a very important role to play in bringing about changes in those systems. Just as CAPTA provided the impetus for important improvements in state response to child abuse and neglect, it is widely accepted that the passage by Congress of the AACWA of 1980 served as a major impetus for many of the efforts at state reform that have occurred in the past 12 years. In response to protections contained in the Adoption Assistance and Child Welfare Act of 1980, more children are being adopted more quickly, more efforts are being made to prevent unnecessary removals, and states have implemented procedures to improve case planning and to monitor the status of children in foster care.

But while Federal involvement has spurred some improvements, we know that we have a long way to go. We need to ensure that federal actions are focused as much as possible on improving the quality and the outcomes of state services, rather than on literal compliance with procedural requirements -- with the content of paper found in case folders.

We have made substantial progress in reinventing the federal role to move in this direction, assisted by a number of extremely helpful legislative changes enacted by Congress in 1993 and 1994. These changes included the provision of additional resources for preventive services, required a comprehensive, community-based planning process at the state level, and authorized 10 state demonstration projects to evaluate the effect of more flexible use of title IV-E foster care and title IV-B child welfare funds.

In particular, I would like to highlight the following key initiatives as illustrations of the positive directions federal leadership can take:

- Helping state and local programs succeed through training, technical assistance, and dissemination of ideas and models. We have revamped and expanded our system of National Resource Centers, sharply increasing funding and reshaping their mandate in response to concerns and suggestions from child welfare practitioners, including state officials.

- Encouraging comprehensive planning and increased attention to outcomes. After extensive consultation with states, we issued a Notice of Proposed Rulemaking (NPRM) for the new Family Preservation and Support program that emphasizes state flexibility, a comprehensive approach to planning across funding streams, consultation with community leaders and parents, and a focus on outcomes for children and families.

- Reengineering monitoring. This spring we will work with the states to pilot new approaches to monitoring the entire spectrum of child welfare services, including those supported under CAPTA.

- Supporting the development and implementation of automated information systems. At the request of states, we have been active in providing technical assistance, including an innovative partnership with five states, a non-profit organization and two foundations to produce a prototype caseworker-driven automated system.

- Promoting knowledge and improved results through research, demonstration, and evaluation. The federal government has a unique role to play in supporting and disseminating research and evaluation, so that states can benefit from the best available knowledge in making their individual policy choices. One recent example of federally supported research that informs federal and state practice is the Multistate Foster Care Data Archive, a collaboration among the federal government, seven large states, and university partners.

CHALLENGES POSED BY CONSOLIDATION AND BLOCK GRANTS IN CHILD WELFARE

We in the Administration share your belief that child welfare programs must be consistent and coherent rather than fragmented. We are eager to work with you as you move forward to consider a variety of approaches to help states and communities respond more flexibly to children's and families' needs.

We understand that among the approaches under discussion are spending caps, block grants and consolidations of various sorts. As you review these approaches, we would like to raise a number of difficult issues for you to consider.

First, any effective approach must ensure basic care and protection for vulnerable children in the face of unpredictable changes in need. Between 1988 and 1993, the rate of reported child abuse and neglect rose almost 25 percent, partly because of deterioration of the communities where many vulnerable children and families live. The foster care caseload during that period rose by almost 50 percent, reflecting an increased need to ensure the safety of children from the most troubled families, and the number of families receiving adoption subsidies nearly tripled.

These increases and other factors contributed to a tripling of federal spending on foster care, adoption assistance and child welfare services over the 1988-93 period. These funds provided basic protections and services to the most vulnerable children in our country. Had a cap on spending been imposed, many of these children would likely have been left at considerable risk. We all hope for improvements in the family and community circumstances that result in increased numbers of children in the child welfare system. But as long as the needs of families and children for these services are unpredictable, spending caps have the potential for imposing considerable harm.

Federal spending plays an important role in helping states cope with increased demands on their child welfare system and it is critical to examine carefully the effect of any block grant formula on states facing such unpredictable demands on their services. Further, states are currently at very different places in their need for child welfare services and in their approach to providing those services. States could be seriously disadvantaged by a block grant formula which failed to take their unique characteristics into account.

Second, it is important to ensure that our national goals for the child welfare system are promoted through a continuum of high quality services, ranging from preventive services that help families deal with their problems before they become abusive or neglectful, to foster care and special needs adoption. A rational funding mechanism should encourage states to continue making improvements in all their child welfare services, without penalizing states that are slower than others to begin these efforts.

As we move forward to strengthen the child welfare system and to improve the outcomes for children and families served, there are three building blocks that must be maintained.

- We must preserve support for preventive and early intervention services so that children and their families can get the services they need before a placement becomes necessary.
- We must ensure that core protections are in place so that children in danger get help and so that foster care remains a pathway toward permanency for children.
- Federal support must be maintained so that states have the funds necessary to ensure safe placements for children who need them.

Within this frame work, states can be provided with flexibility to tailor their services to meet the unique needs of their communities.

Finally, as we consider how to best achieve our national goals for the child welfare system, it is essential to consider the consequences of any proposal for the ability of foster and adoptive families to nurture and raise the children who need them. For example, under the Adoption Assistance program, states currently provide support to families who adopt children meeting the criteria developed by that state for special needs until the child is 18. The federal government is obligated to provide reimbursement for those state expenditures. If adoption assistance were to be blended into a block grant, states could be forced to choose whether to continue payments to current adoptive families or to enroll new ones. Families who had chosen to give their love and support to a child on the expectation that they could receive some modest help in paying for services required to meet the child's need would face a painful dilemma.

Given the critical nature of these child welfare services, we must be careful to construct an approach to change that balances flexibility for states and communities with the need for a national framework, accountability for outcomes, and effective protections for children and families. We must also assess carefully the likely impact of each approach on states, communities, and families.

CONCLUSION

In closing, I want to thank the members of these Committees for their interest and commitment to improving the lives of young children and their families through the provision of quality, affordable child care and the strengthening of child welfare programs. We look forward to working with each of these Committees, the Congress, and the states on each of these critical programs.

I'd be happy to answer any questions at this time.

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Chairman **CUNNINGHAM**. Being a Secretary, we would give you latitude if you weren't finished, but I appreciate your timeliness.

Chairman Shaw from Florida.

Chairman **SHAW**. Thank you, Mr. Chairman. Dr. Bane, I would like to focus on something that got a lot of attention at Blair House last week and still gets a lot of attention. What do we do about the young moms?

What I am talking about are the teenage moms that are high school dropouts, that are having kids, that are under 18, many of them 13, 14 and 15. How do you suggest that we approach this?

I know the President has supported keeping them in their home rather than putting them out. Could you walk us through that and also discuss what you do when there is not a home that is acceptable for that child to go back into?

Ms. **BANE**. Mr. Chairman, as you know, the administration, like you, is very concerned about the growth in teen pregnancy and very committed to trying to do everything that we can to slow that growth, to help young mothers and their partners recognize their responsibility as parents, but also to ensure that the children of those young mothers don't suffer for the faults of their parents.

The administration's approach would require mothers under 18 to live at home; stay in school, prepare for a job and go to work; identify the father of the child so that that other parent can be involved in the support of that child; and, make progress toward becoming a self-sufficient and good parent. We think those are the right elements to help protect the child, but also send strong messages about parental responsibility and that it is a good idea to wait until you are able to become a parent to do so.

Chairman **SHAW**. If the child did all that, would the administration favor, then, giving to her direct cash benefits as you would an adult?

Ms. **BANE**. The administration would favor her receiving cash payments if the home in which she was living was income eligible for those payments. As you know, we are suggesting that young mothers be required to live at home. That means that the income of their families would be taken into account in determining whether they were eligible for cash payments, and if the family needed those cash payments or was eligible because of their income in order to support the child, yes, we would support cash payments to the family.

Chairman **SHAW**. I didn't ask you about support for the family. I was referring to the child.

Ms. **BANE**. When a minor is living at home, the cash payments do not necessarily go to the minor. They go to the head of the AFDC household.

Chairman **SHAW**. So you would favor that process rather than giving it to the child?

Ms. **BANE**. I believe that is current law, sir.

Chairman **SHAW**. You favor the continuation of that?

Ms. **BANE**. Yes.

Chairman **SHAW**. If the household is not a proper place for the child to return, what should be done at that point? I think under existing law they can set up housekeeping themselves.

Ms. **BANE**. Under existing law, they can set up housekeeping themselves and we would suggest a stricter test for that. Obviously, there are some homes which are not safe for young parents and their children. We believe, though, that when the parents' home is not safe, the welfare agency should attempt to find a supervised setting for that young mother and her child, whether that be a relative, a group care facility, or a supervised independent living facility. Some States have experimented with that and seem quite pleased with it.

Chairman **SHAW**. But under existing circumstances, many of those youngsters are out there setting up households themselves, receiving full benefits at a very early age, and are very independent.

Ms. **BANE**. Currently, as you know, States have the option of requiring young mothers to live at home or in a supervised setting. The administration is proposing that that not be a State option, but a requirement that young mothers must live at home or in a supervised setting.

Chairman **SHAW**. We are getting closer. We are not there yet, but we are getting closer. Thank you.

Chairman **CUNNINGHAM**. Thank you. I recognize the ranking member, Mr. Ford.

Mr. **FORD**. Thank you, Mr. Chairman. Dr. Bane, the block grant that the Republicans have before the Congress, how would that affect the 1.4 or 1.5 million low-income families who are not AFDC recipients? What if we would block grant this program, but not put the necessary funds to totally fund both?

I am trying to see funds, dollars. What should we be looking at? I mean we are talking about 1½ million low-income children, who are probably in 3 or 4 different programs under current law and we are talking about under the Contract With America, of block granting the whole welfare system.

If that is the case, can we do it without really addressing this problem with the necessary funds that will be needed in order to address—I don't think we can overlook the 1.4 million children in 4 programs today and look at a welfare reform system that will be block granted with the States having all the flexibility that they need without adequately funding them.

If we do not adequately fund all five programs at that point, what do you think will happen? We certainly won't strengthen families and protect the children while we are trying to place the mother in the workplace and give the child a safe place while she is in the job.

Ms. **BANE**. I assume you are asking about block granting of child care funds?

Mr. **FORD**. Yes.

Ms. **BANE**. It is a little hard to estimate it exactly, but under the child care programs that we now fund, as you say, there are about 1.3 or 1.4 million children who are receiving subsidies and only a third of those are AFDC recipients, so about 70 percent of the subsidies go to low-income working families to help them maintain themselves in the work force and to help keep them off welfare.

We did a little calculation estimating what would happen if you block granted child care funds at their current level and also required, as I think both Republicans and Democrats want to do, more welfare recipients to participate in work or work activities. We anticipate that under that scenario, the child care funds for the working poor would be dramatically reduced to maybe a quarter of the total funds that are available, and I think the people who would really suffer are the working families who are struggling to stay off welfare.

Mr. FORD. Because if we block grant these programs, they are not talking about any additional dollars. Some of the women who will go into the work force, the child care dollars will be very competitive for the States when they try to put these programs into place.

Ms. BANE. I haven't seen the proposal, but I have heard, like you, that it might be a limited amount of dollars and I think it is clear that if that were true and if we were asking more AFDC recipients to participate in work activities, that child care money for the working poor would be quite dramatically reduced.

Mr. FORD. Is the administration in support of block granting these dollars?

Ms. BANE. The administration is in support of ensuring that both AFDC recipients and the working poor have access to child care.

Mr. FORD. Even if the programs are block granted to the States, the administration would support that?

Ms. BANE. I think the things we need to keep our eye on are adequacy of resources for both the AFDC population and the working poor population. A large amount of resources in child care are already in a block grant, as you know, and so we have that kind of structure. But I think the crucial issues are resources and access for both welfare recipients and the working poor.

Mr. FORD. Is there a dollar amount, any revenue that the administration is suggesting that we put in these programs?

Ms. BANE. Last year, Mr. Ford, we proposed continuing the entitlement for child care for AFDC recipients who were working or preparing for work. We proposed increasing the amount of money available for the At-Risk Child Care Program; that is, the program for the working poor, to a level of about $1 billion over 5 years and we also proposed relatively modest increases in the Child Care and Development Block Grant. So our proposal was to put more money into child care for the working poor and to continue the entitlement for AFDC recipients.

Mr. FORD. Thank you, Ms. Bane.

Chairman CUNNINGHAM. One question. If a young mother or father didn't decide to keep the child, would the administration support the funds following that child either for adoption or a State facility?

Ms. BANE. There are current programs which provide Federal support for both foster care and adoption assistance for special needs children. I think our position would depend upon whether the family who was adopting the child needed the additional money in order to be able to keep the child.

Chairman CUNNINGHAM. Thank you. I would like to recognize Mr. Camp.

Mr. **Camp**. Thank you, Mr. Chairman. Dr. Bane, I am told that there are currently 45 child care programs at the Federal level. Is that an accurate number?

Ms. **Bane**. It depends a little bit on how you count. GAO did a study recently in which they listed 45 programs which had some relationship to child care or some child care component. When they testify about child care, they focus on the four major ones; AFDC Child Care, At-Risk Child Care, Transitional Child Care and the block grant.

Mr. **Camp**. I am also told there are 35 child and welfare programs at the Federal level. Is that an accurate number also?

Ms. **Bane**. I actually have not seen that number. Again, I suspect that there are a number of programs with some relationship to the field, but there are a couple of major ones, foster care, IV–B, and so forth.

Mr. **Camp**. One of the points of discussion that we have had in recent years has been the amount of regulations. In fact, it is shocking the amount of regulations that have been governing child welfare programs, for example, the section 427 regulations, the child protection regulations. That is simply a paper review; you don't see any children at the Federal level?

Ms. **Bane**. It has been just a review of case files; that is correct.

Mr. **Camp**. And that there are 18 criteria to make sure the States check all the right boxes in reviewing this; is that correct?

Ms. **Bane**. There are 18 criteria that have been used.

Mr. **Camp**. One of the arguments we have heard about in determining whether States can or cannot be trusted to oversee—in fact, some people argue that States can't be trusted to oversee child welfare programs and that particular program. Do you agree with that?

Ms. **Bane**. I genuinely believe that a Federal-State partnership is real important here. The reason I believe that is partly historical and partly looking at what is going on in the States. The demands on the child welfare system are incredible. There are large numbers of very troubled children who are out there.

The legislation that was passed in 1980, the Adoption Assistance and Child Welfare Act, was passed in response to a perception, and I believe an accurate one, that a lot of children were getting lost in State systems. I looked at the testimony that the Oversight Committee heard a week or so ago on child welfare, and read it to say that although nobody was arguing, including myself, that the Federal Government's role in this system has been perfect, I think most people were arguing that the Federal resources and the structure of the Federal protections, the push from the Federal Government to ensure safety, to ensure permanence, to ensure case planning, to try to provide a continuum of services, that that actually has been very important in improving the system.

We have a long way to go and I don't want to defend the way we have done section 427 reviews, but I do think the continued partnership and effort of the Federal Government is crucial in this system.

Mr. **Camp**. I was a child advocate before I came to Congress and worked in this area and much of it is also done at the State level and much of the innovation.

We have also heard that Head Start can be nearly twice as expensive as what you would call conventional child care. Would you agree with that?

Ms. **Bane**. I wouldn't agree that Head Start should be compared with conventional child care.

Mr. **Camp**. If you did compare it in terms of cost—I understand they may be different programs.

Ms. **Bane**. Head Start is more analogous to the cost of kindergarten or preschool education or nursery school than it is to the cost of more custodial-type day care and that is because it offers comprehensive child development services and early education.

Mr. **Camp**. And finally, a yes or no question. Should Head Start be block granted?

Ms. **Bane**. No.

Mr. **Camp**. Thank you.

Chairman **Cunningham**. I thank the gentleman. I recognize the great gentleman from Michigan, Dale Kildee of Michigan.

OPENING STATEMENT OF HON. DALE KILDEE

Chairmen Shaw and Cunningham: I want to thank you. I know all of us fully understand the importance of this subject. The decisions we make about how to properly integrate child care and child welfare programs into any welfare reform package may be the determining factor in the success or failure of that effort.

The Governors have clearly stated that "children must be protected throughout the process." There is ample evidence that the availability of child care is already a significant barrier to people who are struggling to make the transition from welfare to work. There are long waiting lists for child care in 31 States.

The question we must ask today is: What specific steps are we going to take to meet the child care needs of people who will be returning to work or education and training programs from AFDC? The crucial importance of this question transcends any discussion of block grants, State flexibility and capped entitlement.

I look forward to hearing from each of our witnesses today and I hope each of you will address this question—can we properly meet the needs of the millions of families with children who will be moving from welfare to work?

Thank you.

Mr. **Kildee**. Dr. Bane, can you tell us about the sufficiency of quality child care to meet the work requirements of welfare reform, and what are the States now doing in licensing and inspection of child care facilities?

Ms. **Bane**. The first part of your question is about the sufficiency of child care for AFDC recipients. Currently, only 5 or 6 percent of AFDC recipients receive subsidized child care. Only 30 percent of JOBS recipients receive subsidized child care. That is partly because we haven't been nearly as serious as we want to be in ensuring that AFDC recipients participate in training or work or preparation for the work force.

As we continue to push those requirements, as we should, I believe we are going to see a considerably greater need for child care among AFDC recipients. We are already seeing some use of the Child Care and Development Block Grant for AFDC recipients and that is taking away from working families who are struggling to stay off welfare. So I think we are going to see considerably greater demand for child care.

Your question in terms of licensing, it varies a lot. All States do have licensing requirements, and as you know, the Federal block grant legislation requires the States to have in place health and safety standards, but of course those are health and safety standards of their own design that are responsive to their own circumstances. There is a fair amount of variation, but all States do have those standards in place now.

Mr. KILDEE. What I have discovered when we went through the child care legislation several years ago is that there may be licensing in a State, but very often there is never any inspection. Even in the State of Michigan we had a tragedy a few years ago and the facility had never been inspected. How common do you find that to be around the country?

Ms. BANE. I think we don't have enough information to give you very good data on that, Mr. Kildee. My experience was in the State of New York where I was the commissioner of social services and we did a pretty good job of inspecting child care centers, but not of inspecting family day care homes.

At the same time, I think we would all agree that the development of standards is a State and local function and that the Federal Government can provide some incentives and provide some push, but certainly Federal bureaucrats shouldn't be in the business of inspecting child care facilities.

Mr. KILDEE. Shouldn't we require that the States have at least a reasonable licensing standard and then in fact do some inspecting? You know, we can't just put Federal money out there on a stump for children and have what we saw in Michigan a few years where a tragedy took place. We saw in Chicago around the time we enacted the child care bill an instance where there were 31 children being cared for in a basement with 1 exit.

Now, Federal dollars should not be used to pay people running facilities like that. Do we not need a better requirement, a block grant, anything, that we have both licensing and real inspection, with or without block grants?

Ms. BANE. I think that the requirements that are in the Child Care and Development Block Grant—that the States have licensing and registration requirements, that they have health and safety requirements and training requirements and that they assure the Federal Government that any provider who receives Federal funds meets those State standards—are entirely appropriate.

I would be a little nervous about our prescribing an inspection regime or details on how they should develop or enforce their own standards, but I do believe that it is real important that we have the kind of protections that are in the block grant now.

Mr. KILDEE. I know that the taverns in many States are inspected more often than child care facilities. It would seem to me that if we are giving Federal dollars that we should have some guidelines on how often an inspection takes place, rather than have it go for 6 years with no inspection at all.

Ms. BANE. There are a couple of ways we might try to help the States and push the States to improve what they do vis-a-vis child care, some of the things that are in the block grant. There are also funds available to the States to use for improving quality and for putting those things in place. I think we can do a fair amount in terms of sharing good practice and those things would be very important to the States.

Mr. KILDEE. Thank you, Dr. Bane.

Chairman **Cunningham**. Thank you. I agree with the ranking minority member on the committee that if there is a stump that we need to look at what we put on it, but I think we are trying to grow a new tree. We feel the stump in Washington is rotten, and the young tree, we need to trim and culture it as it comes up.

I think the basic difference is the old system they don't want to block grant, they want to keep the power in the Federal Government. We want to give the power to the States and to the locals, but at the same time we need to give them guidelines.

Mr. Greenwood.

Mr. **Greenwood**. Good morning, Dr. Bane. As Mr. Camp, I was a child advocate for 20 years before I came to Congress. I thought that working with acting-out adolescents was good preparation for coming to Congress. I was interested in hearing your comments that the Federal Government needs to assure accountability and to make sure there are good outcomes for kids.

When I was a caseworker with the county children and youth agency and I would get a report of suspected abuse or neglect, I would talk to the child and visit the family, and sometimes participate in family therapy, and if I thought the child was not safe at home, I would draft a dependency petition and take the child to court, gain custody and find a foster home, ease the child into the home and then over time try to reunite the family.

All the time I was doing that, I was completely unaware that the Federal Government was pushing me to do it. Well, I knew that my supervisor was because we met periodically. I knew that my executive was. I knew that my county commissioners wanted me to do a good job. I knew that the State had standards and requirements.

I did know that while I wanted to be out with my kids 5 days a week I had to devote almost 1 week to filling out damnable paperwork that didn't seem to me to be doing a lot to help kids and that took 20 percent of my time away from serving kids. So I questioned whether, based on my own experience, and my experience as a State legislator for 12 years, whether there really is a rational role for the Federal Government to be, as you said, pushing the States to take care of children. And I guess I question why we think that is.

It can't be that we think that the people in your office care more for kids than the people back in my county or my State. We don't believe that they are smarter. I am not sure that we believe that they have better information. So I am puzzled and would like you to tell me what it is that we have here that didn't exist in the States in terms of knowledge, compassion and information and doesn't exist in the counties and doesn't exist in the individual caseworkers that we can fix from here.

Ms. **Bane**. Obviously, child welfare is done by caseworkers like you were in communities with directions from the State. That is clearly true. And all that the government, that is far away from that caseworker, whether it is a State government or the Federal Government, can do is provide a framework, provide some resources, and provide some help in understanding the situation. The knowledge is there. It is not all there in every community in every State.

Mr. **Greenwood**. Let's stop there. You said we could find resources, we talk about money and you can do that with block grants. We don't need piles of regulations to provide resources. But you said we can supply the information. That implies and I know you don't mean it in a pejorative way, but that implies ignorance at the State levels, implies that we know something they don't know in the State capitals, and I question that. What is it that we know that they don't know?

Ms. **Bane**. Can I answer that from being a State commissioner rather than from being a Federal bureaucrat? When I was State commissioner, I knew the child welfare system in New York quite well. I didn't know anywhere near everything.

I learned a lot from the kinds of sharing and technical assistance that came from other States and the Federal Government.

Mr. **Greenwood**. I am sure you had conferences where you met with your counterparts in all the States to exchange the latest scholarly research.

Ms. **Bane**. Mostly practical research. The other thing, though, that I felt as a State commissioner and that people felt in communities was the incredible pressure to think short term rather than medium or long term about the child welfare system. All the pressure on me as a State commissioner was to get the child abuse hotline answered on time and to do the investigations of the most serious cases.

I have to admit, and I think New York was very good, that the pressures were not to think about prevention. The pressures were not to think about how to ensure the well-being of children. I genuinely believe that the law that New York had in place that pushed us toward permanency, toward prevention, toward thinking of the system as a whole system, a law which both influenced and was influenced by Federal legislation, provided some help to us in running a better child welfare system and I think that is true in States and communities around the country.

Mr. **Greenwood**. My time is up. I think that is the role of State planning and policy offices. Thank you.

Chairman **Cunningham**. I recognize Mrs. Kennelly.

Mrs. **Kennelly**. Thank you, Mr. Chairman. I would just like to note for the record that we are concentrating on the very young girl that has a baby and that she should stay at home if at all possible, but just make a note that 70 percent of those having children out of wedlock are over 20 years old, and also to make a note that even though that child stays at home with her parents or parent, if the mother of that child had the baby when she was 21, she would be 36 now and could be out working trying to keep that home so they could all have a roof over their heads. So we still need child care.

Life is very strange, Dr. Bane. My first knowledge of you was as an incredibly well-respected commissioner of all children's services in New York State and now you are the Deputy Secretary of HHS, and you are being maligned as a Federal bureaucrat. And if you had stayed at home and not come to Washington, you would be the answer to all things.

Ms. **Bane**. I was actually maligned as a bureaucrat in New York, too.

Mrs. **KENNELLY.** I remember how good you were and I think you can still have those thoughts in your head while you are in Washington. That is why you are a help to us.

The other day you introduced a chart to the Oversight Committee of Ways and Means which told us that you did a study of what would happen with a 5-year block grant for child care and how that would affect the situation as it is today.

Could you explain that chart for the edification of this committee?

[A copy of the chart follows:]

Hypothetical Impact in FY 1993 if a Child Welfare Block Grant Similar to the PRA Welfare Block Grant Had Been Adopted in FY 1988, Using FY 1987 Levels

(Dollars in Millions)

	FY 1993: Actual State Claims a/	Block Grant: 103 percent of FY 1987 level	Difference b/	Percent Change
Alabama	$12	$7	-$4	-38%
Alaska	6	1	-5	-83%
Arizona	26	7	-19	-72%
Arkansas	14	4	-10	-70%
California	545	188	-358	-66%
Colorado	26	11	-15	-58%
Connecticut	22	7	-14	-67%
Delaware	3	1	-1	-57%
Dist. of Col.	13	6	-7	-55%
Florida	67	18	-49	-74%
Georgia	36	17	-19	-52%
Hawaii	4	1	-4	-83%
Idaho	4	2	-3	-62%
Illinois	137	41	-96	-70%
Indiana	50	8	-43	-85%
Iowa	20	7	-13	-64%
Kansas	24	7	-17	-73%
Kentucky	42	12	-30	-72%
Louisiana	43	20	-23	-54%
Maine	14	6	-8	-55%
Maryland	51	19	-32	-62%
Massachusetts	69	9	-60	-88%
Michigan	136	76	-60	-44%
Minnesota	42	15	-27	-64%
Mississippi	9	5	-4	-46%
Missouri	40	21	-19	-48%
Montana	6	3	-4	-60%
Nebraska	13	5	-8	-60%
Nevada	5	1	-3	-68%
New Hampshire	9	2	-7	-76%
New Jersey	37	24	-13	-34%
New Mexico	10	5	-4	-44%

Hypothetical Impact in FY 1993 if a Child Welfare Block Grant Similar to the PRA Welfare Block Grant Had Been Adopted In FY 1988, Using FY 1987 Levels

(Dollars in Millions)

	FY 1993: Actual State Claims a/	Block Grant: 103 percent of FY 1987 level	Difference b/	Percent Change
New York	852	237	-615	-72%
North Carolina	28	10	-18	-66%
North Dakota	7	2	-5	-68%
Ohio	128	39	-89	-69%
Oklahoma	15	8	-7	-48%
Oregon	20	12	-9	-43%
Pennsylvania	200	55	-144	-72%
Rhode Island	14	5	-9	-63%
South Carolina	16	8	-8	-50%
South Dakota	4	2	-3	-61%
Tennessee	26	8	-18	-71%
Texas	105	36	-69	-66%
Utah	10	4	-6	-62%
Vermont	9	5	-5	-51%
Virginia	22	9	-13	-57%
Washington	28	9	-18	-66%
West Virginia	7	9	2	33%
Wisconsin	55	23	-32	-58%
Wyoming	2	0	-2	-86%
Territories	9	4	-4	-48%
U.S. TOTAL	$3,092	$1,039	-$2,053	-66%

NOTES:

Programs in the Hypothetical Block Grant Include Foster Care (Maintenence, Administration, and Training). Adoption Assistance (Maintenence, Administration and Training); and Title IV-B Child Welfare Services.

a/ Dollar amounts reflect state claims, adjusted for disallowances.

b/ May not add due to rounding.

Ms. **Bane**. What I provided to the Oversight Subcommittee was some calculations we did concerning child welfare, and what would have happened had there been a block grant put in place in 1988 and if it had been followed by the growth in child welfare caseloads, child abuse and neglect caseloads and so on that took place between 1988 and 1993.

We picked those years because they were the most recent and then picked a way to do the simulation. That calculation suggested that the States would have received almost two-thirds less money if they had been block granted at the 1988 level than they actually received in 1993 and that for some States the loss in Federal funds would have been even greater than that.

As Mrs. Johnson noted in regard to that chart, people may not be talking about that particular way of doing it, but I do think that all the calculations suggest that it is real hard to predict need in something like child welfare when so many things come into play.

Mrs. **Kennelly**. I understand it was quite upsetting to Mrs. Johnson because she and I come from the same State and Connecticut would have gone down 67 percent.

Ms. **Bane**. It did.

Mrs. **Kennelly**. And that would be awfully hard to provide child care. I think that we know that if you are going to have affordable child care that is available and reliable, you have to pay something for it. You can't just think by saying you have it, it is not going to cost something because these people providing the day care need a working wage. So even when we talk about block grants, as we have used and now that we are going to change them, we are fooling ourselves if we think we can reduce the number of dollars and think you will get a better product. Yet we seem to continue to believe that.

Would you comment on this estimation that I did last night? It has been estimated that the Personal Responsibility Act will place 1.5 million individuals into work positions by the year 2001. This means that we are going to need at least 5 million hours of child care a week. How did I arrive at that figure?

I multiplied 1.5 million, a number given, by 35 hours a week, the hours given in the bill, and got 50 million hours a week and divided this number by 10, which is very high for a child care giver to have, and I came out with this number.

Do you think that the Personal Responsibility Act has sufficient funding for child care if we send current programs back to the States the way the act suggests?

Ms. **Bane**. The Personal Responsibility Act, and, indeed, all the welfare reform proposals, which I think we are taking seriously now, would have much larger numbers of AFDC recipients in education or training or work, and we know that the vast bulk of those welfare recipients do in fact have young children.

We want their children to be safe, not left alone. So it does seem to me that there is going to be a much greater demand for child care resources for AFDC recipients under the Personal Responsibility Act or any other. That is why I think it is quite worrisome that the thinking seems to be that one could block grant the child care funds at current levels. I really believe that the results of that would be to deprive working families of the child care subsidies that they now receive.

Mrs. KENNELLY. It is not going to be easy. It is going to be very hard and under these figures may be almost impossible.

Ms. BANE. It is going to be very, very hard.

Mrs. KENNELLY. Thank you, doctor.

Chairman CUNNINGHAM. Thank you. What our plan says is that we are going to attempt to improve family responsibility. My children have never been with a babysitter. I have three sets of grandparents. Not everyone is that fortunate, but we are going to rely more on the family to take care of those children than just giving them the money.

At this time I recognize Mr. Goodling.

Mr. GOODLING. I just have two statements, Madam Secretary. First of all, I don't think we should ever get a mindset that capping entitlements will somehow or other interfere with increasing caseloads. We deal with emergencies around here all the time and sometimes, as a matter of fact, you can move emergencies much more rapidly than you can move anything else. So that doesn't bother me at all.

I do have concerns whenever you have an open-ended entitlement that you encourage the caseloads to increase. As I told the private colleges and universities yesterday, the more money you make available, it seems the more they are apt to charge whatever the people will pay and that is not what we want to do.

The leadership agrees with my philosophy of block granting. Block granting does not mean revenue sharing. Block granting means that you set the goals and you have the measurements in place to make sure that those goals are reached, and I would be unalterably opposed to just block granting back because that is revenue sharing and we don't have any money to share. Having said those two things, I will pass it back to Chairman Duke.

Chairman CUNNINGHAM. Thank you, Mr. Chairman. And I would recognize Mr. Levin.

Mr. LEVIN. Let's try to get to the heart of this. We have heard some discussion here about bureaucrats and grantwriters and liberal special interests benefiting programs, but let's see why these programs developed and where we are going. I am very much opposed to the status quo, but I want to try to learn from history, not malign it. On child care, there is a proposal from—you put together a proposal on AFDC, on JOBS, right?

Ms. BANE. Yes.

Mr. LEVIN. You proposed what in terms of child care?

Ms. BANE. The administration's welfare reform proposal proposed to leave in place the guarantee of child care for AFDC recipients and to increase funding under the At-Risk Child Care Program and the Child Care and Development Block Grant for working families, families who have gone off welfare and are struggling to stay off welfare.

Mr. LEVIN. Why did you propose more money for child care as part of linking welfare and work? In simple terms we have to link welfare with work. Why is there a need for more child care money?

Ms. BANE. Well, I think the fact that nearly all AFDC recipients do have young children. We don't want to be in the position of saying to AFDC recipients we don't care what happens to your children. We don't care if you leave them at home. I wanted to reflect a little bit on Mr. Cunningham's statement about grandmothers and other relatives.

Obviously, they can be wonderful care givers and often are, but grandma is often working now, too, and grandma is often one of the people that we are putting into the work force. So I think that it is very important that we have available resources for families so that their children can be cared for safely while they are going to work.

I don't see how you can do welfare reform without it, because we want to be serious about work requirements and we want to be serious about education and training requirements and to be serious about those at the same time we are concerned about children, I think we have to do it.

Mr. LEVIN. Do you say based on your experience—why do you say this?

Ms. BANE. I say it based on my experience, but also I say it based on what we heard from welfare recipients and from people who had gotten themselves off welfare, as we had hundreds of conversations. When we talked to people about why they hadn't gone off welfare or why they ended up back on welfare or what their struggles were, we heard time after time about their concern for their child, and when their child care fell apart they found themselves back on AFDC.

We heard it time after time from welfare recipients who were struggling to do that and I think that, as well as the numbers of the sort Mrs. Kennelly was providing, convinced us of the importance.

Mr. LEVIN. Why did the Federal Government get into foster care in the first place?

Ms. BANE. The Federal Government got into foster care way back in the early days of the Social Security Act because, just as the Federal Government was sharing in the cost of children who were receiving welfare and being cared for by their parents, it seemed logical that if the child needed to be taken out of the home and placed in a supervised other kind of setting that the Federal Government would continue to share in the cost of care. That was the original point of it.

In 1974 and again in 1980 there was a realization that the Federal Government was only participating in the cost of foster care and ignoring the fact that the child welfare system wanted to be focused on preventive services, on working with families, not just on the out-of-home option. And so I think the development of some of the other programs were really a way to put some balance into that system and to see the child welfare system as a continuum in which children could be taken care of.

Mr. LEVIN. Why wasn't it simply left to the States? Why did the Federal Government get into it if the States were doing the job?

Ms. BANE. Because at that point and I think one would have to say still, they weren't. There were studies that showed terrible conditions for kids, kids lost for long periods of time in foster care. We still have situations where lawsuits are being brought against the

States because of their apparent inability to provide welfare for children.

Mr. LEVIN. Thank you.

Chairman CUNNINGHAM. Thank you. And Dr. Bane, I agree with Mr. Levin and yourself that we are going to have to plus up. What I meant is for a lot of it we would like the families to take more responsibilities. I think you would agree.

When we take welfare dollars away because a young mother or a young father goes to work, they have to pay for transportation, for new clothes, they are away from their child and they may lose health care, which is also tied into this. We are saying that we maybe want to let them keep that welfare so it may have to be plused up or part of it handled by the families, so I think we are in agreement on that.

I recognize Mr. Ensign.

Mr. ENSIGN. No questions.

Chairman CUNNINGHAM. Mr. Souder.

Mr. SOUDER. I wanted to know in the States where they have child care or where you have transferred the child care and tracked it some, have you seen any decline in the amounts of unemployment among the welfare mothers, or another way to phrase it, as we have plused up the child care funding, has there been an increase in the number of people transitioning from welfare to work?

Ms. BANE. I don't think we have data that is good enough to track that one for one. As I said earlier, it is actually a very small proportion of families that get child care. We have certainly seen increases in people working at the low-income level, but I don't think we can do the one for one of child care funding and people moving off welfare.

Mr. SOUDER. Because one of the main debates here is that that helps the transition; yet we don't have any data that necessarily establishes that.

Ms. BANE. GAO did a study last May which they reported to the Congress and they did some estimates and some modeling of what you could expect in terms of increased numbers of people going to work if there were increased child care subsidies, and they testified that among poor mothers, the approximate number who would work if child care subsidies were available would rise from 29 to 44 percent and for near-poor mothers their model predicted that a full subsidy of child care costs would lead to a 14 percentage point increase. So they did a study based on data and modeling, and that is what they estimated.

Mr. SOUDER. Do you know enough about that to know whether that was done by asking the recipients or whether that was done on actual data?

Ms. BANE. It was done based on available data and I believe on economic models using the best data that we have available, which I think is actually quite good, and then trying to estimate what behavioral responses would be. I think it is a little more trustworthy than just asking people if they would go to work.

Mr. SOUDER. Thank you.

Chairman CUNNINGHAM. Mr. McIntosh.

Mr. MCINTOSH. Thank you, Mr. Chairman. Dr. Bane, I noticed in your testimony that you listed three programs and had a summary statement that there was about $1.7 billion from those programs that went toward child care subsidy.

Could you give us an estimate of what the percentage for each of those programs is that goes toward overhead and what percentage is directly received by the children that are benefited?

Ms. BANE. Virtually all of it goes for services. The Federal bureaucracy consists of 45 people, so that doesn't even show up in the budget. Of the block grant money, 25 percent of it was set aside for quality improvements, supply building and administration. So that is about the proportion that is being spent there.

One of the innovations of the Child Care and Development Block Grant was that it required States to use certificates—not as the only way of delivering child care, but as the major way of delivering child care—and that is a mechanism by which parents make decisions, not bureaucrats. It takes a few bureaucrats to move the money from one place to another and to make sure the parents get their certificates, but I think these are quite efficient programs in terms of the amount of dollars that goes to services.

Mr. MCINTOSH. In terms of the cost of moving the money from one to the other, they set aside 25 percent?

Ms. BANE. No. The 25 percent is mostly spent on quality improvement and on training and on supply building. The amount for administration is much smaller.

Mr. MCINTOSH. Let me ask you this. You had mentioned that you thought the breakdown in child care was what led people back toward welfare. Did I hear you correctly that what you were saying is, in the absence of child care people would be attracted to the welfare system?

Ms. BANE. What we heard from people, and I was trying to report as accurately as possible what we heard from people who had gotten themselves off welfare, was that they were often in low-wage jobs. They were often in situations where their child care arrangements were quite precarious, where their child care arrangement was a neighbor or a relative and that those child care arrangements were subject to disruption. We often heard from people who, when their child care arrangement fell apart and they didn't have money to get a new one, found themselves back on welfare because they didn't feel they could keep their job if they were endangering their child.

Mr. MCINTOSH. Mr. Chairman, could I have unanimous consent for one more question?

Dr. Bane, if I can ask one more question, have you heard from any Governor that if these programs were block granted they would seek to cut the funding level?

Ms. BANE. I haven't had that discussion with the Governors about child care.

Chairman CUNNINGHAM. I recognize Mr. Castle.

Mr. CASTLE. Dr. Bane, I was just speaking to Mr. Shaw because I am not exactly sure I understand, and I consider you to be a spokesperson for the White House in this, where the White House is with the details and particulars of the whole welfare reform plan and agenda.

Mr. Shaw says that the Human Resources Subcommittee of the Ways and Means Committee is going to start marking up the Republican contract version of welfare reform on the 13th of this month. I know that discussions have taken place with the Governors and Members of Congress and with White House officials. I know the President's interest in this and I know that from the beginning he has discussed welfare reform.

I am not asking this in any kind of a pejorative sense, but it is very unclear to me as to whether the White House has a particular model or is just going to watch the process happen and see where it goes. I am curious about how we are going to pull this together. I consider this to be the most complex subject that we are going to deal with in this Congress, particularly in this contract period, the first 100 days in the House of Representatives and without getting into the details of it, can you give us some sense of the political direction of where this is going from the White House point of view?

Ms. BANE. I think the best I can do is just to recall what the President said in the State of the Union a week or so ago. He said that welfare reform had to be about work, that it had to be about parental responsibility, that it had to be about speaking to and decreasing teen pregnancy and that it should do these things without punishing children.

I can also repeat his commitment which he made in the State of the Union and which he repeated a number of times last week—his genuine desire to work in a bipartisan manner with Congress to achieve these objectives. The administration laid out a detailed welfare reform proposal last year in the Work and Responsibility Act. We think it embodies the principles that the President talked about, but it is the principles that are important.

Mr. CASTLE. I understand the principles, but I have also seen President Clinton at work when he was Governor on this and it wasn't just principles. He was down to words and details as much as anybody I know and he did a wonderful job, I might add. I get more the sense that it is principles.

Work and teenage responsibilities, et cetera, that is awfully general in terms of the specifics of revising these programs. I don't know much about what he introduced last year. I just want to know what the relationship is going to be. Is it going to be sort of working with each other as this goes along or is there going to be a prescribed plan put before us again revised or—maybe I am missing something. I don't see where exactly it is headed at this point.

Ms. BANE. All I can say is that the administration did introduce a detailed bill last year on how one might go about embodying these principles, but at this point the President genuinely wants to work——

Mr. CASTLE. He is willing to change from that position.

Ms. BANE. He is willing to change from the details, but not from the principles.

Mr. CASTLE. I yield to the Chairman.

Chairman SHAW. When I was at the White House—at Blair House—the President, I felt, was quite specific and I did not anticipate refiling a bill. There are a lot of ideas floating around the Capitol, but I think that the contract bill is really the only bill that is out there at this time.

If the administration is going to have another bill or file another bill, I would anticipate that they would do so before our markup. But I got the feeling, and the President was very specific, I felt, toward the end of the meeting that he intended to work with our committee and work with me in forming our bill and getting it out rather than filing a separate bill. And I might say, Dr. Bane, you have been very cooperative and helpful in this whole process.

Ms. BANE. Thank you.

Mr. CASTLE. I yield back, Mr. Chairman. I also would say you have been cooperative. I did not mean any of that to say otherwise. I was just curious. I yield back.

Chairman CUNNINGHAM. Thank you, Mr. Castle.

Mr. Miller of California, do you have any questions?

Mr. MILLER. Thank you, Mr. Chairman. Welcome to the committee, and let me ask you with respect to child welfare, where we are sort of in this continuum. The Federal Government got into this business only after we found very, very, very substantial numbers of children in terrible, terrible living situations, suffering both physical and psychological damage, and the inability of the States to cope with that and State systems that simply could not account for or provide where the children were. And today we operate under a system to provide for some intervention on behalf of those children and some protections and some reviews of the status of those children. And the goal of that program, I believe, was, one, safety of the children; and, two, the permanency.

This committee, and both of these committees, listened to State after State talk about children who had been moved to 8, 9, 10, 12, 15 foster care placements. It was not unusual at all in any State of the Union, under any program, in a very short period of time, in a very few years, of families being split, of parents who could not get their children back out of foster care if the family became healthy and functional again or people remarried and wanted their children.

Where are we today in that? Because, unfortunately, my sense is that even with this Federal money and even with Federal guidelines, as I had monitored the programs over the years when I had the Select Committee on Children, you have massive noncompliance by the States in terms of providing both for services and the permanency to these children. And now these are the very same States apparently, as I understand the proposal, that want now a block grant with even fewer strings attached.

Ms. BANE. To answer your question, I think we are not nearly where we should be. The stories are just tragic.

I was reading a report of one of the more recent lawsuits that is being filed against a child welfare system in a State, and the stories of the plaintiffs in that lawsuit would just tear your heart out, children abused in foster care, children arbitrarily moved from one place to another. I think we still have a system where children are being hurt.

What I do not see is how having fewer assurances of Federal interest is going to help that system. It seems to me that the protections, the goals that were built into the Adoption Assistance and Child Welfare Act of 1980 about safety and permanent maintenance and a continuum of services and working with families are absolutely crucial if we are to continue to make progress.

I do not believe we, as a Federal Government, have done our job of reviews the way we should. We have done too much looking at paper and not enough——

Mr. MILLER. The previous administration just simply refused to review whether or not States were in compliance at all.

Ms. BANE. And I think that we need to do it, and we need to do it in a way that helps the States, gives them the right kind of information. Some of the changes Congress made last summer in the structure of what were then the section 427 and are now the section 422 reviews, I think will help us quite a lot because they give more flexibility.

Mr. MILLER. Let me ask you a question. The Speaker of the House talks about people who put their kids in dumpsters. One of the great struggles in 1980 and afterward was getting the ability of the State to terminate abusive parents' rights.

The conservatives in Congress did not want the States in any way to ever be able to terminate parental rights and control over a child. And, in fact, that is what the law now provides, is it not; that in child abuse cases you can go in for terminating, proceed in State court, for the termination of parental rights.

Ms. BANE. What the law now requires is that reasonable efforts be made to keep the children with their families. I think the dilemma is that we all want both the protection of children and the quick placements of children in permanent situations, and also efforts to keep children in their own families, which, if they can, is the best setting.

Mr. MILLER. The law does not give an abusive parent a right to keep a child.

Ms. BANE. Absolutely not. And reasonable effort does not mean leaving a child in an unsafe situation.

Chairman CUNNINGHAM. Thank you, Dr. Bane. And, Dr. Bane, the remaining members have come in for the next panel and we want to thank you.

Chairman SHAW. Mr. Chairman, may I ask one quick question of Dr. Bane?

Chairman CUNNINGHAM. Certainly.

Chairman SHAW. Can we anticipate the President's budget to address welfare reform when it comes out Monday?

Ms. BANE. I think we all have to wait to see what the budget says.

I believe Secretary Shalala will be here to brief you on it next week.

Chairman SHAW. I would guess you know more than I do, but that is quite all right.

Chairman CUNNINGHAM. We may want to contact Mrs. Rivlin to see what is really in it.

Ms. BANE. Thank you.

Chairman CUNNINGHAM. At this time on deck we have the second panel on child welfare, and if the panel will come up I will be happy to introduce them.

We welcome Douglas J. Besharov, resident scholar, American Enterprise Institute for Public Policy Research; Helen Blank, director of child care, Children's Defense Fund, Washington, D.C.; and at this time I would like to also welcome the Congresswoman from Maryland, Connie Morella, who will be introducing some of her constituents from Montgomery County, Md.; and we also welcome Karen Highsmith, acting director of family development, New Jersey Department of Human Services, Trenton, N.J.

Mrs. Morella.

Mrs. MORELLA. Thank you very much, Mr. Chairman.

I want to thank you, Chairman Cunningham and Chairman Shaw, and my colleagues on this very important joint hearing of the two subcommittees. I came here because I not only want to commend you on the hearing and the people who are testifying, but because I wanted to have the honor and the privilege of introducing some people from my county, especially the gentleman who is the executive of our county, Doug Duncan.

Mr. Duncan, who is here to talk about or to introduce some of the panelists who are going to talk about some innovative programs that I know you will be very interested in, is a newly elected county executive and spent no time at all before he was involved with very strong action for the county. Montgomery County, Md., is actually larger than our congressional districts. It has over 700,000 population. And Mr. Duncan comes to that challenge and opportunity having been mayor of Rockville, Md., which is the county seat and a city that has received many, many times the All American City Award.

He also is very interested in child care, as the father of five young children. He comes also from the private sector involvement having been an executive of a major, major corporation. So I am pleased to introduce Mr. Duncan, and at whatever point in your panel presentations, he will introduce two people from Montgomery County who will be discussing the innovative programs that we are pretty proud of.

So thank you very much, Mr. Chairman.

Chairman CUNNINGHAM. Thank you. Would you like to do that at this time or would you like to——

Mrs. MORELLA. Would you like to testify first?

STATEMENT OF DOUG DUNCAN, COUNTY EXECUTIVE, MONTGOMERY COUNTY, MD.; ACCOMPANIED BY DEBORAH SHEPARD, DIRECTOR OF MONTGOMERY COUNTY WORKING PARENTS ASSISTANCE PROGRAM AND TINA DAVIS, CLIENT

Mr. DUNCAN. Yes, thank you, and then I will introduce the two people from the county.

Mrs. Morella, thank you very much.

Chairman Shaw and Chairman Cunningham, it is a real honor to be here, and I am joined here by Deborah Shepard, the director of the Montgomery County Working Parents Assistance Program, and Tina Davis, who is a client of the program, is going to tell you firsthand how it has worked for her.

I want to thank you for allowing us to tell you about this innovative program in Montgomery County, a program that is successfully putting parents in need of child care assistance back on the road to self-sufficiency. This is a county-funded program, one that provides child care vouchers for eligible single and two-parent families; and one that operates with relatively few administrative costs.

It succeeds where so many other welfare reform efforts have failed because it supports and does not penalize working parents who are trying to improve their lives and those of their children. It works because we have a clear commitment to making sure our funds are invested and spent wisely and carefully.

As you consider changes to the Federal child care programs, I hope you will look to Montgomery County's Working Parents Assistance Program as a model that addresses the very real needs of the people it serves. I also hope you will be mindful of the fact that block grant funding may not always make it to the types of innovative programs that we are developing at the local level.

I would add that I agree wholeheartedly with the comment block grants is not revenue sharing and should not be revenue sharing. This is a county-funded program. We do not receive any State or Federal assistance for it, because the State assistance goes for child care, it goes to people who are on AFDC or on welfare.

Thank you very much for your time and now I would like to introduce Deborah Shepard for her comments.

Deborah.

Ms. SHEPARD. Good morning, I am honored to be here today.

Chairman CUNNINGHAM. If the gentlelady would hold. We are going to go in regular order, and we will come to you. But we will just recognize the gentleman to introduce you, and then we will go with Mr. Besharov, with Ms. Blank on deck, and my Irish friend Dr. Besharov is recognized.

STATEMENT OF DOUGLAS J. BESHAROV, PH.D., RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH, WASHINGTON, D.C. AND VISITING PROFESSOR, UNIVERSITY OF MARYLAND SCHOOL OF PUBLIC AFFAIRS

Mr. BESHAROV. Thank you very much, Mr. Cunningham. Actually, I live in Montgomery County, too, and my first name is Doug, too.

My name is Doug Besharov and I am a resident scholar at the American Enterprise Institute for Public Policy Research and a visiting professor at the University of Maryland School of Public Affairs.

Let me start by saying that the most important thing about this joint hearing is that it is being held at all, and I really mean that. It is a sign of the commitment that you all have collectively to end the turf battles and the competition that have led to the proliferation of Federal child care programs.

You know, I teach public policy at Maryland and until November we used to say there was no way to fix child care because the relevant congressional committees would not talk to each other, let alone do something to clean up the jurisdiction.

So ladies and gentlemen, thank you.

My bottom line is a simple one, I believe that the current situation is very bad for children and families and that a block grant could do much good. Over the past 20 years, Federal funding for child care services has risen sharply, more than doubling to $8 billion in the past 4 years. This increased funding has given rise to no fewer than 93 different Federal programs, administered by 11 agencies in 20 separate offices.

Those are not my figures, by the way. That is the result of a General Accounting Office study. The Department of Education alone, according to the GAO, has six offices that fund child care programs.

As you know, nearly all of these programs serve essentially the same population of low income children. With so much overlap, one disadvantaged child could be eligible for as many 13 programs, the GAO noted. Unfortunately, these funds pass through a series of Federal, State and local agencies that cannot or will not pool their funds to serve one child. When they do pool them, it is only after tremendous effort; and, I have to say, having visited some of these centers, with a little shaving of the legalities.

I do not blame them, because their need is to provide services to these families, but the categories that have been created here do not match the needs of the people let alone the bureaucrats that run these programs. Worse, because of some of the rules, a family that is in child care at the beginning of a year can become ineligible in the middle of the year because the status of that child's parent changes from being in an AFDC work program into a transitional placement and then into a job, and what happens is in those circumstances we place the providers in a very, very unfair position. They either have to cheat or find some excuse for keeping the family in care or find some other funding stream.

Now, it is possible to patch together something that kind of works in many communities, but the result takes much more time and energy than is justified. The result is that program administrators spend more time becoming experts at patching together funding streams than taking care of children. When I go to these centers and I talk to the executive directors I ask them, how do you spend your time? A relatively small portion of their time is spent on improving services to kids and the biggest amount of time is spent fundraising or dealing with these funding streams.

I wrote an article in the Washington Post and I said some agencies, public agencies, have one full-time person who worries about getting these Federal funding streams together. I got a call from the folks in New York. Now, I come from New York City, and they said, Doug, it is 31 full-time people who do nothing but worry about Federal child care funding streams. Not child welfare, not the rest, just child care.

Well, my time is just about up. Let me say three things.

First, I am a great supporter of a possible child care block grant. Unlike the other programs, I do not think you have a problem with the entitlement nature of child care programs. You also do not have to worry about any countercyclical issues.

Second, in this area at least, the efficiencies of a block grant are so clear that the Federal dollars will go further.

And, third, and because I think this will be a matter of great contention, I hope you will do something about protecting the status of Head Start within these networks of child care.

What do I mean by that?

Child care networks today are expanding very rapidly and Head Start is being left out of that expansion. This block grant should do something about integrating the Head Start Program into what will be the future of child care. It should not be left out as an orphan.

Thank you very much and again thank you for holding a joint hearing.

[The prepared statement and attachment follow:]

DOUGLAS J. BESHAROV

TESTIMONY

HUMAN RESOURCES SUBCOMMITTEE OF THE COMMITTEE ON WAYS AND MEANS

and

EARLY CHILDHOOD, YOUTH, AND FAMILIES SUBCOMMITTEE OF THE COMMITTEE ON EDUCATION AND ECONOMIC OPPORTUNITIES

U.S. HOUSE OF REPRESENTATIVES

February 3, 1995

Mr. Shaw and Mr. Cunningham, members of the committees, it is my great pleasure to come before you today to discuss the important topic of a child care block grant.

My name is Douglas Besharov. I am a resident scholar at the American Enterprise Institute for Public Policy Research where I conduct research on issues concerning children and families. I am also a visiting professor at the University of Maryland School of Public Affairs where I teach courses on family policy, welfare reform, and the implementation of social policy.

One of the projects I am now working on is a book titled Enhancing Early Childhood Programs: Burdens and Opportunities. For your reference, I have attached a copy of the book's table of contents and Introduction. The Introduction describes the contents of each chapter and places them in their broader context.

Two-year-old Andre was going to have a busy day. After spending the morning at the Keys of Life Child Development Center on 12th Street, N.W., he was supposed to make a crosstown trek to another day care facility in Kalorama. Instead, he was run over by the bus that was to take him there, and died in a hospital bed a few hours later.

Andre's death was a rare tragedy, but it highlights a very common problem: Over the last 30 years, Congress has created a patchwork of nearly one hundred separate child care programs that forces children to bounce from one facility to the next and wastes scarce child care dollars by creating unnecessary overhead and bureaucracy.

Given the general Republican antipathy toward federal social programs, advocates for the poor fear their programs will be gutted by the incoming Congress. But there is good reason to think that the GOP will actually bring some much-needed reform to what has become a confusing maze of social welfare programs. The Republicans, less-vested in the existing system since it was mostly created by Democrats, are poised to propose a series of huge block grants in such areas as job training, nutrition, social services and child care that could greatly streamline the current byzantine structure.

How bad is the child care situation and why would a block grant make sense? Over the past 20 years, federal funding for child care services has risen sharply, more

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than doubling to $8 billion in the past four years alone. This increased funding has given rise to no fewer than 93 different federal programs, administered out of 11 agencies and 20 separate offices. The Department of Education alone, according to a new study by the General Accounting Office, has six offices that fund child care programs.

Nearly all of these programs serve essentially the same population of low-income children. Head Start, the largest with a budget of $3.3 billion, serves children from families whose income is below the federal poverty line; the Child and Adult Food Program ($1.3 billion) subsidizes meals and snacks for low-income children in child care; Child Care and Development Block Grants ($893 million) give states funds to assist low-income families; AFDC/JOBS Child Care ($528 million) provides assistance to children whose parents are on AFDC and either working or in a job training program. And the list goes on.

With so much overlap, one disadvantaged child could be eligible for as many as 13 programs, the GAO report noted. Unfortunately, the funds from those programs pass through numerous federal, state and local agencies--that can't or won't pool their funds to serve one child.

Worse, since eligibility is based on the work status of parents, children can be forced to leave a program in mid-year--if mom or dad gets a job or loses one, enters a job training program or completes one, goes on welfare or leaves it. Lucky children will qualify for another program, if there is room, but even then they will likely suffer a disruptive setback to their preschool development. "This is the revolving door of publicly funded day care," says Richard Ruopp, former head of the Bank Street College and director of the National Day Care Study.

"The turf battles were just horrible," recounts Jean Layzer who, as executive director of a Massachusetts commission on early childhood programs, was charged with developing a plan for a universal system. "There was early childhood money all over, in welfare agencies, in social service agencies, in education agencies, in mental health agencies and in places you would never expect. No one wanted to give up even a small program in order to create a unified system."

As a result, most communities are left with a disconnected array of small programs that often keep the child only part of the day. This is particularly burdensome to parents who work and is precisely why children like Andre are bused from center to center. Few children suffer Andre's fate, of course, but many young preschoolers pay a heavy emotional toll for all the moving around they are forced to endure.

Annoying as it is for the families, the morass of programs is a nightmare to administer. "Child care providers spend more time trying to coordinate programs than operate them," protests one agency executive. Fitting the various pieces of funding together is like trying to complete a huge jigsaw puzzle. Needless to say, federal funds don't simply flow in: Each comes with its own complicated application and approval process that forces many programs to employ at least one full-time staff person to coordinate funding and document eligibility--resources that would be better spent on the children.

To their credit, both the Bush and Clinton administrations tried to make it easier for localities to integrate the various federal funding streams, but their ability to do so was sharply limited by the explicit statutory language that created most of the programs.

How did we get so many child care programs in the first place? Often, advocates decided that the only way to expand services was to create yet another, program. This happened in many social programs. For example, Sen. Edward M.

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Kennedy (D-Mass.) said he was "responsible for tagging job training on anything that went through here," claiming this was the only way to expand such programs under Reagan and Bush. Perhaps so, but the programs were added under Republican and Democratic presidents alike.

The real answer is that every congressional fiefdom seemed to need its own child care, job training or other social welfare program. Take, for example, the notorious process that four years ago led to the creation of the At-Risk Child Care and the Child Care and Development Block Grant programs. Essentially, these programs are the product of a fight for power over the issue of child care between the House Education and Labor Committee and the House Ways and Means Committee. Neither committee would give in, so the dispute was resolved by creating two new day care programs, one for each committee--but each serving the same pool of kids.

Repeat this process many times over and you see why six congressional committees and 11 subcommittees now oversee the major child care programs.

Child care is not the only area of federal social welfare spending that has turned into an irrational maze of disjointed programs. There are 154 job training programs, 71 social services and child welfare programs and --depending on how you count them-- hundreds of nutritional programs, housing programs, and health programs. Like child care, each comes with slightly different eligibility rules and services, but tremendous overlap. The result? Immense inefficiencies and confusion in the communities where the services are actually provided.

Under a federal system like ours, it is sometimes necessary to establish funding in a way that makes clear our national priorities, but there is no justification for the current cacophony of programs. Right now we have a disparate array of programs that have grown in size and complexity like cobwebs in the nooks and crannies of committee jurisdiction--all because Congress has lacked the central leadership to prevent individual committees from becoming policy entrepreneurs.

Since the 1970s, reformers have repeatedly criticized the patchwork of separate federal social welfare programs and have called for the creation of fewer and more flexible funding streams. Up to now, however, their efforts have come to naught--because each program had its protector in the well-entrenched congressional establishment. Even President Clinton's much-vaunted effort to "reinvent government" did not take on the congressional satrapies that such micro-programming has created.

The incoming Republicans are vowing to clean out the congressional cobwebs built up over four decades. And it looks like they will.

"From here on, I want to review issues, such as child care, on a system-wide basis, instead of program by program, as has been the case for the past 40 years," says Rep. Bill Goodling (R-Pa.), soon-to-be-Chairman of the House Economic Opportunity (formerly Education and Labor) Committee. "It's ridiculous how all these programs got created--individual Members looking to bring home the bacon with a new program, or one program being split in two just to satisfy petty jurisdictional squabbles."

The Republicans are now rushing to develop legislation that would transform scores of existing programs into a series of social welfare block grants. The leadership hopes to move these bills in the first days of the new Congress--before the new majority becomes invested in the status quo.

Opponents are already calling these block grants nothing more than a fancy excuse to cut spending. They claim that all we'll get is Reaganism revisited--with a vengeance. To an extent, of course, they are right. Some Republicans are talking about using the block grant approach to justify deep cuts in social spending. But forces of moderation are likely to limit any reductions.

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State governors, especially the 30 Republican ones, have a powerful voice on Capitol Hill these days. Most have expressed a willingness to see spending reduced in return for greater flexibility to administer programs as they see fit. New Jersey Gov. Christine Todd Whitman, for example, has said that she could accept a five percent cut in welfare spending in return for greater autonomy. But the governors have also signaled opposition to any cuts beyond what would be gained from saving administrative costs. After all, they would be under pressure to fill the gap in any budget shortfall created by reductions in federal funding.

Senate Republicans too are likely to support block grants--but, more moderate than their House counterparts, they also will be wary of undermining programs for the disadvantaged. Sen. Nancy Kassebaum (R-Kan.), who will take over from Kennedy as chairman of the Committee on Labor and Human Resources, has warned: "The point of block grants and program consolidation is not so much to save money--although that may happen--but to make programs work more effectively."

There is good reason, therefore, to hope that the Republicans will free localities from the straightjacket of federal bureaucracy without unreasonably cutting financial support. If that happens, then disadvantaged children will be the real beneficiaries of the new block grants. And even some liberals may conclude there is a positive side to the changeover in Congress. Who knows, they might even hold their collective noses and cheer.

Thank you.

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INTRODUCTION

Douglas J. Besharov

As policymakers attempt to reform the health care and welfare systems, early childhood programs for low-income children are at risk of losing their rightful place on policymakers' agenda. If families are to be able to gain self-sufficiency, and if their children are expected to become productive members of society, it is vital that early childhood programs be effectively administered within the context of the family. Federal early childhood programs are often characterized by inconsistency, difficult administration, and varying target populations. Expansion of these programs could either create additional problems or offer solutions. Program administrators need to know what to expect from and how best to adapt to these changes.

This book is the result of a collaborative effort between child care experts and administrators who hope to provide (1) an understanding of the sources and extent of funding for early childhood programs; (2) a picture of where low-income children are in early childhood programs and child care settings; (3) a look at how existing gaps in federal child care subsidy programs effect low-income working families; (4) suggestions on how to integrate the numerous child care programs at a local level, (5) an example of how one state has created a state-level early childhood program infrastructure, and how that state has moved toward program collaboration and "seamless" administration; (6) models of programs with a "two-generation" focus, which address the needs of both children and their parents; and (7) an insight into the prospect of coordinating Head Start expansion with the current welfare reform effort and transforming both into truly two-generation programs.

Doug Besharov and Amy Fowler, of the American Enterprise Institute for Public Policy Research, begin the discussion of early childhood programs by describing the sources and costs of federal child care assistance. Child care assistance has grown tremendously over the past twenty years, especially for disadvantaged children and their families. Assistance comes in many forms: specific child care and early education programs; child care funds provided through welfare and job training programs; student financial aid which includes child care expenses; child care funding through social service and community development grants; child care benefits to federal employees; and child care allowances awarded through tax policy. The numerous child care assistance funding streams amounted to a total of nearly $11.5 billion dollars in 1994.

Margaret Boeckmann, of the United States General Accounting Office, examines how states attempt to integrate the Child Care and Development Block Grant with state and other federal child care subsidy programs. She then identifies gaps in the delivery of child care services, and describes how these gaps effect low-income families seeking self-sufficiency through employment. Her analysis is based on a review of federal program reports, as well as a detailed examination of the program delivery systems in six states with heavy welfare caseloads.

Boeckmann finds that, despite state efforts to deliver "seamless" child care services, many service gaps remain due to differing program requirements. These requirements differ according to program eligibility, including categories of clients, permitted client activities, income ceilings, and time limits for subsidy receipt. She argues that such gaps place a particularly heavy burden on the working poor, who are in danger of losing their child care subsidies, disrupting their employment, and consequently being forced onto welfare. The current fragmented system thus provides little incentive for low-income families to continue working. Boeckmann concludes that in order to better meet the needs of this population, states need more flexibility in

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spending federal dollars, child care statutes must be rewritten, and the gaps in federal funding streams must be closed.

Christine Ross and Stuart Kerachsky, of Mathematica Policy Research, Inc., identify the strategies that state and local child care administrators use to coordinate multiple child care programs. Their findings are based on their telephone survey of child care program administrators in 23 cities and 15 states, and in-depth interviews conducted during site visits to eight of the cities between December, 1992 and March, 1993. They select for their discussion 11 U.S. cities that represent a variety of approaches to program administration. Ross and Kerachsky find that states had a difficult time coordinating the rules and regulations of federal programs developed in 1988 and 1990 with already existing programs because federal policy priorities often differ from a state's priorities. Furthermore, coordination becomes increasingly difficult when different state and local agencies administer different programs.

The result, if states resign themselves to the inherent conflict, is "mixed" systems. Ross and Kerachsky argue that, while mixed systems have some advantages, an ideal child care system is "integrated." Integrated systems are characterized by (1) single local or state agencies administering all child care programs, (2) single points of entry for parents, (3) assistance for parents in making program transitions as their eligibility changes, (4) the same income eligibility limits are the sane for all programs, (5) sliding fee scales are for all programs, (6) the same pay rate for providers, regardless of the funding source, (7) voucher-based payment systems to allow for broader parental choice, (8) strong information and referral services for parents, (9) ability for any legal provider to provide subsidized care, and (10) technical assistance and training for subsidized care providers.

The next chapter describes an example of one state's effort toward developing an integrated system. Fred Meservey, Gail Koser, and Susan Blank, of the New York State Council on Children and Families, describe New York's experience in developing a permanent infrastructure for the state's early childhood programs. The authors provide a blueprint for early childhood program collaboration. This blueprint is based on the work of New York's Permanent Interagency Committee on Early Childhood Programs (PICECP) and its Subcommittee on Collaborative Structures. Officials in the state of New York discovered that the presence of conflicting systems of child care resulted in a waste of public investments and a lack of responsiveness to families' needs. They realized that in order to improve the system, a lasting decision-making body that included as many actors as possible had to be created. The PICECP, comprised of the directors and commissioners of eight state agencies, was designed by Governor Cuomo to coordinate the efforts to expand New York's infrastructure for early childhood services.

Meservey, Koser, and Blank present a "case-study" of success: the PICECP's Collaborative Structures Subcommittee. The subcommittee has taken charge of the state's effort to foster collaboration among its prekindergarten, Head Start, and child care programs, as well as efforts to develop comprehensive, full-day, full-year early childhood services for low-income children and their families. The subcommittee is characterized by the vision that serving children within the context of their families is key to program success. It was successful in developing two strategies: (1) encouraging schools to extend the days of half-day programs through subsidies and parent fees, and (2) supporting the capacity of not-for-profit programs to apply for future state prekindergarten funds. The authors conclude that in order to foster collaboration among early childhood programs, it is important to maximize existing resources and test new approaches in delivering services.

Robert Frawley and Louise Stoney, also of the New York State Council on Children and Families, take Chapter XX a step further using the PICECP's Seamless Funding and Parental Access Subcommittee as a case study. They describe the state's

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efforts to create a seamless system of child care funding, which is characterized by: funds for child care which follow children to any or all of their providers; consistency in rules, regulations, and procedures; an administrative structure which supports continuity; and a flexible fiscal management structure. Frawley and Stoney argue that federal and state rules and regulations, although often in conflict, often grant states considerable flexibility in the management of funding streams. State administrators, therefore, do not need to resign themselves to fragmented systems.

Frawley and Stoney illustrate the inconsistency in federal regulations of states' funding streams for early childhood programs and highlight the potential for flexibility. They then describe the work of the Seamless Funding and Parental Access Subcommittee and its success in creating a seamless system. It identified the specific changes necessary by working closely with the state's Department of Social Services, and developed a seamless funding plan. Frawley and Stoney conclude with a discussion of potential state and federal reforms. These include administrative centralization at the state level, and changes in state and federal regulations to create greater consistency in early childhood programs.

Improving early childhood programs requires more than systemic reform. State and federal early childhood programs affect not only children, but their parents. A "two-generation" perspective enables administrators and program designers to provide quality care for children, and at the same time helps parents become self-sufficient and better primary educators of their children. Jean Layzer and Robert St. Pierre, of Abt Associates, argue that states must incorporate a two-generation perspective in order to make subsidized early childhood programs more effective. In their chapter, they describe several states' programs with a two-generation focus: Kentucky's Parent and Child Education Program; Washington State's Early Childhood Education and Assistance Program; and Minnesota's Early Childhood Family Education Program. They also discuss the program characteristics of the Even Start Family Literacy Program and Head Start Family Service Centers.

Layzer and St. Pierre offer an analysis of the issues involved in designing and implementing two-generation programs, based on the model programs listed above. Two-generation programs need a case management style which links family members to services. Program administrators must assess and take into consideration the changing needs of parents, while at the same time ensuring the delivery of high quality infant and toddler care and center-based care. Parents should be educated, not only in general skills in classroom settings, but in parenting skills in the home. Unique services, such as transportation, health care assistance, and meals, may also need to be provided to parents. Two-generation programs must have appropriate definitions of need so as to include as many family members as necessary in a program's target population. The timing of a two-generation program intervention is also important, with model programs often beginning one or two years before a child enters school. Layzer and St. Pierre conclude that the success of any two-generation program lies in getting parents to take full advantage of services offered.

Wade Horn addresses the need for a two-generation focus in two of the most prominent social programs: Head Start and JOBS. Head Start, designed for disadvantaged preschool children, also addresses the needs of Head Start parents by developing their parenting skills. The JOBS program, designed to help low-income parents achieve self-sufficiency, also includes a child care component. Horn reports that coordination between the two programs has become more and more difficult with the expansion of Head Start and the onset of welfare reform. There have been efforts to coordinate the programs, evidenced by the placement in 1991 of the two programs in the same operating division in the Department of Health and Human Services, and the subsequent interagency "memorandums of understanding" that outline methods for program collaboration. Horn argues, however, that ideological, procedural, and administrative barriers remain.

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Despite these obstacles, some programs have been able to coordinate Head Start and JOBS. Horn describes such successful programs in Philadelphia, Eerie County, New York, and Massachusetts. He concludes that in order to make coordination work, it is important to ensure that there is enough time to: plan the coordination effort; allow JOBS and Head Start Administrators to learn about each others' programs; generate a common vision about what the programs will do for children and their families; develop a strategy to get parents to work; procure federal "seed" money for collaboration efforts; and ensure synchronization of program regulations. Horn also recommends that JOBS participants be given preference in Head Start. In short, the programs must both be transformed into truly two-generation programs.

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Chairman CUNNINGHAM. Thank you, Dr. Besharov. And quite often when someone comes to introduce, they get trapped down there in the panel. If the introducers would like to depart at this time, Mrs. Morella and Mr. Duncan. You are certainly welcome to stay.

Mrs. MORELLA. I am glad to have been surrounded by two Dougs, both living in Montgomery County.

Chairman CUNNINGHAM. Thank you. I would like to introduce again Helen Blank, director of child care, Children's Defense Fund, Washington, D.C., and the gentlelady is recognized for 5 minutes.

STATEMENT OF HELEN BLANK, DIRECTOR OF CHILD CARE AND DEVELOPMENT, CHILDREN'S DEFENSE FUND, WASHINGTON, D.C.

Ms. BLANK. From Montgomery County, too.

We, too, welcome a discussion of consolidation in child care programs, but let me take my time to highlight some important things to think about as you consolidate.

Child care is critical to helping children of school age learn. It is also critical to help mothers work, and many mothers are not getting the help they need. Look at Tabitha Brown in Boca Raton, Fla.

She got into child care subsidy but is now working and earning $5.75 an hour as a secretary. Her sister takes care of her 3-year-old daughter but her sister is going back to work. She is desperate because the State has 19,000 children on a waiting list for child care and she cannot find any child care assistance. What is she talking about? Going on welfare.

As you look at welfare reform, the one fundamental issue in child care, in addition to consolidation, and I think much bigger, and the State officials will tell you, is resources. We have a fragile child care system now. There are 35 States with long waiting lists. There are 35,000 children on the waiting list in Texas; there are 4,000 in Wisconsin; in California, one in 14 children gets help; 6,000 in Pennsylvania.

Some of these families on the waiting list are so desperate they turn to welfare. A mother on the Rhode Island waiting list makes $200 a week. Her child care for three children costs $150. She writes I don't want to go back on welfare, but I have no choice.

States have the flexibility to continue mothers and not to make disruptions, but they have to decide as a mother finishes her 1 year of Transitional Child Care assistance, as she goes off AFDC, do they help her or do they help a mother who writes, also in Rhode Island, gee, when I heard about this survey and the waiting list, I was so excited because I thought I could get my children back and go back to work. They are making painful choices and it is not all because of the proliferation of child care programs.

To be successful, welfare reform must do three things: It must continue to guarantee child care assistance, if you want mothers with very little resources to work. That is an entitlement—this is a signal not to make people dependent but it is a signal that work pays. It must continue that support as a mother moves off welfare and is still poor so she can stay independent and we must also provide for the resources for the working poor.

Build on the framework of the block grant you already have. President Bush signed the Child Care and Development Block Grant in 1990 and has a very positive framework that helps give families choice. First, it ensures that care is healthy and safe. All providers have to meet some protections not set by the Federal Government but by the States. This helped California to establish Trust Line, a system of background checks on all informed providers who receive public funds which found that 5 percent of the providers had criminal records and 60 percent of those had child abuse convictions.

It is also critical to ensure that there is a supply of affordable quality care if more and more mothers will be going to work. We do not have enough child care, especially in inner-city communities. The Child Care and Development Block Grant helps States by ensuring that some funds are reserved to improve quality and expand supply.

Tennessee, a rural State with a large number of family day care providers, was able to use funds to hire more licensors and monitors to inspect these homes and give them support. Georgia sent out vans to train child care providers in rural isolated areas.

It is also key to ensure that States pay high enough rates to enable parents to have a choice of providers. Before the block grant in Washington State, 60 percent of providers said they would not serve poor children because families did not receive high enough rates.

Also, while you consider the block grants, there is an essential program that should be maintained. It is key to ensure the nutritional status of young children through the Child and Adult Care Food Program; 430,000 in California, 66,000 in Michigan, and 63,000 in Florida are among those who eat nutritious meals every day because of this program. Children are in child care 10 to 12 hours a day. They get most of their nutrition while they are in child care programs. They are in their key developmental years. Infants especially are at great risk. These are the early learning years where children develop most of their brain cells. They must eat right.

This program has also provided key support to children in neighborhood family day care homes. It encourages providers them to come out from underground, where most of them are, to pay their taxes, start a small business and receive some training and help. They also are visited by umbrella sponsors. Most States do not have the resources to visit these homes. Providers also get training so they know how to better work with children. This program is a very basic bottom line safety net for children.

Head Start is also an unusual program. Many child care and Head Start programs work together. Its framework of comprehensive services and support to help mothers move off welfare must be maintained.

As you make these decisions, just keep two things in mind. You have two goals. Welfare reform and helping children enter school ready to learn. Remember that every child who enters child care in 1995 will be 5 in the year 2000 when they will come to the schoolhouse door. President Bush and the Nation's Governors in

1989 in Charlottesville signed a series of education goals. Their first goal was that all children enter school ready to learn.

Chairman **Cunningham**. If the gentlelady could wind up.

Ms. **Blank**. Look at all your decisions and use two benchmarks: Will these decisions help mothers move off welfare and help children entering the schoolhouse door ready to learn.

Thank you.

[The prepared statement follows:]

TESTIMONY OF HELEN BLANK
CHILDREN'S DEFENSE FUND

I am Helen Blank, Director of Child Care and Development at the Children's Defense Fund (CDF). CDF welcomes the opportunity to testify today on child care. CDF is a privately funded public charity dedicated to providing a strong and effective voice for children, especially poor and minority children.

I recognize that you have brought us here today as you work on two laudable goals: to reform welfare and to streamline federal child care funding. What I would like to impress upon the committees is that:

- **In order to achieve the primary goal -- reforming welfare -- you must invest in child care. Families cannot work and protect their children without it.**
- **In order to achieve the secondary goal -- streamlining federal child care funding -- consolidation must build upon what works.**

Throughout my testimony today, I would like to share with you the child care experiences of several families, and the experiences of many states struggling to help meet families' need to work and care for their children.

For example, one **Wyoming** mother, like other mothers who receive help paying for child care, shares her delight in having a safe and stimulating place for her children to be cared for and supported while she works to keep her family together:

> "In a day care center, there are qualified teachers -- not [a] big sister who lets them do whatever they want (as long as she is left alone so she can do her own homework, phone calls, etc.). **I know what values my children are learning -- and it's really neat to pick them up and discover what they have learned that day.** My day care is wonderful. The people who work there counsel me also. They helped me understand the learning stages of my infants. They helped me understand the personality differences that affect relationships with them and myself. They suggested healthy outlets for frustration. They helped me understand how to discipline..."

And the frustration and desperation of one **Florida** mother who wants to be able to work and be independent of welfare but cannot find affordable child care also is echoed throughout the country:

> A few years ago, Tabitha Brown received welfare money and subsidized day care for her daughter. Now the Boca Raton mother is working as a secretary for an agency that provides temporary office help. She makes about $5.75 an hour, not enough to pay the minimum weekly day care rate of $70 to $80 dollars. The past few months, her sister took care of her three-year-old daughter, Lashanta. But recently, her sister got a new job and can no longer help. Ms. Brown called a half-dozen day care centers, pleading for some help. "There's no subsidized day care out there for me," she says. "I'm trying desperately not to go back on welfare. But I don't know what's going to happen."

Child care is critical to helping parents work, be independent of welfare, and keep their children safe. Federal investments in child care can help both of these mothers and the millions of mothers they represent. Unfortunately, there are many, many mothers who cannot access help paying for child care. **Three-quarters of the states now have thousands of parents waiting for assistance.** These families are struggling to maintain their independence and need safe and secure child care for their children so that they can keep their jobs.

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CURRENT FUNDING FOR CHILD CARE IS SORELY INADEQUATE

If they are to succeed, welfare reform proposals must recognize this crisis and address *the fundamental* child care problem in this country -- a shortage of resources to ensure the safety and well-being of children while their parents work. Cutting already inadequate resources while proposing that more mothers go to work or participate in training programs would worsen the situation and seriously jeopardize the success of any effort to reform welfare.

Under current funding levels, our child care system is stretched to the limit. There is a tremendous unmet need for child care assistance for working poor families. Thirty-five states and the District of Columbia report that they have waiting lists for child care assistance for the working poor, and these lists are growing.

- An official in **California** reported that, "A child can graduate from high school before the parent gets off the [waiting] list." Meanwhile, California is only able to serve 14 percent of children eligible for assistance.

- In **Georgia**, the waiting list increased from over 30,000 to 41,000 between January and December of 1994.

- According to **Texas** officials: "The wait can be as long as two years; the people added today have very little chance of ever being served." Texas had over 35,000 children on the waiting list for child care as of August, 1994.

- In **Illinois**, there are approximately 20,000 children currently on a waiting list. At this point, the only new families actually getting assistance are protective service cases.

Each one of these hundreds of thousands of families waiting for assistance is struggling to earn a living in low-wage jobs and to avoid dependence on welfare. They are working long hours in minimum-wage jobs and are trying to do a good job raising their children.

But paying for child care is a major problem for low-wage working parents -- low-income families who pay for child care are paying a staggering one-quarter of their income on this essential service, in contrast to only five percent paid by upper income families, according to recent Census Bureau estimates. The child care assistance currently available to some of these mothers has made the difference between welfare and work by allowing them to stay in the workforce and remain independent.

Many parents across the country cannot get any help paying for child care or find affordable settings, and due to this very real financial burden find themselves being forced onto welfare in order to care for their children:

- When Rhode Island officials interviewed families on the waiting list for child care assistance, they found that many mothers were starting to question whether their hard work in low-wage jobs paid off for them or their children. One mother wrote: "I had to quit work because I earned less than $200 a week and I had to pay $150 for [child care for] my three sons and I did not know why I went to work. Now, I am applying for AFDC. I would like to be working and be useful, rather than sitting here and getting a check that doesn't cover too much of anything."

And this mother is not an exception --

- At least one in five families that remain on the waiting list in Montgomery County, Maryland for a prolonged period end up on welfare, according to a study by the Montgomery County Commission on Child Care.

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CONGRESSIONAL PROPOSALS SHOULD INCREASE FUNDS FOR CHILD CARE NOT MAKE IT HARDER FOR WORKING PARENTS TO ACCESS AFFORDABLE CHILD CARE

It is critical to recognize the child care crisis facing families and states today when developing plans for welfare reform and child care consolidation. A lack of adequate resources has already prevented states from stabilizing the fragile balance that hundreds of thousands of working families are trying to maintain. Consolidation alone will not address this problem. While consolidation might result in some administrative savings, the savings are not as much as might be anticipated given the number of states that have already combined many of the federal child care programs. Furthermore, these savings would only address a small part of the existing need, and do little to address the additional needs generated by welfare reform.

The scarcity of child care dollars and demands of welfare reform have already pushed states into the difficult position of devoting more and more child care resources to help families get off of welfare, and away from those working families who are struggling to keep their jobs and stay independent.

A 1994 study by the Children's Defense Fund illustrates this graphically:

- Fifteen states (AK, AZ, AR, CA, CO, FL, HI, IL, MS, MT, NV, NH, NJ, SD, and TX) used the Child Care and Development Block Grant (intended to provide help to low-income working families) to pay for welfare-related child care because the Block grant does not require a state match. Additional states indicated that they may need to use Block Grant funds in the future.

- Eleven states (AK, AZ, DC, FL, MD, MN, MS, RI, SC, WA, and WI) took **state** child care funds that were helping working families stay off of welfare, and reallocated them to families working to get off of welfare.

- Twenty-five states including DC reported an increase in the proportion of child care slots or dollars going to AFDC families rather than the working poor.

It makes no sense to force states to make the Solomon-like choice between helping families get off of welfare versus helping families stay off of welfare in the first place. Welfare reform will not work unless both groups of families are helped. Otherwise a revolving door is created through which families who are trying to be independent are gradually forced out of the labor force and onto welfare -- where maybe they can get child care assistance to try to become independent again.

We are very concerned about the likelihood of this happening because current welfare reform proposals will exacerbate this already grave situation by:

- Increasing the need for child care assistance as parents move into the workforce and into training programs; and

- Simultaneously reducing already inadequate federal dollars which pay for child care.

To be effective, welfare reform proposals must meet the challenge of helping both the families trying to leave welfare and the families who are only one job away from welfare. It is critical to maintain the guarantee that families who are working to get off of welfare can have child care assistance to keep their children safe. It is also critical to maintain the guarantee of child care assistance for families who have just recently left AFDC and are in a vulnerable transitional period. Helping families pay for child care and remain financially viable in the first year after they leave welfare is critical to their successful transition to independence. Most families coming off of welfare earn very low wages, and cannot pay the full cost of child care. Proposals to eliminate the guarantee of assistance during this key period would likely result in forcing more families back on welfare. If mothers with limited resources are to move off AFDC, they must continue to be guaranteed child care assistance.

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Let me give you an example of how effective Transitional Child Care has been for one **Illinois** mother, and how the lack of working poor child care assistance undercut her successful move off of welfare:

> Raising her four children has been difficult for Tracy Martin. She only receives occasional financial help from their father who had been abusive in their relationship. Tracy has been forced to leave several jobs because of overwhelming child care costs. In 1990, she left her part-time job at the Illinois Secretary of State's office because she could not find affordable child care and had no child care assistance. After a year on AFDC, she went back to work and received help to pay for child care for her two youngest children -- this help came from Transitional Child Care assistance that is currently available to all welfare families as they leave welfare for work. Like other low-income mothers, Tracy's wages did not increase significantly over the year. As her child care assistance was about to run out, she sought other help in paying for child care. But, no other help was available. The state child care funds for working poor families were depleted. Tracy resigned from her job and returned to AFDC. Tracy started work again in 1993 at the Secretary of State's Office. After her 12 months of Transitional Child Care assistance ran out again, she tried working two jobs, but after six weeks she just could not manage two jobs. She returned to AFDC and as soon as she was eligible for Transitional Child Care again, found a job as a telephone operator.

This story illustrates a situation that will be worsened for many mothers like Tracy if child care is not made a priority. Her problem, like that of many other mothers, is not caused by the proliferation of federal child care programs, and will not be solved by efforts to consolidate these programs. Instead, her problem is directly related to the inadequacy of existing resources. States continue to bounce children in and out of child care arrangements although they have the ability to continue services. Even state administrators who have successfully brought all the major funding streams together and operate them as one program are constantly forced to cut off child care assistance for children because of budget limitations.

PROPOSALS TO CONSOLIDATE FEDERAL CHILD CARE FUNDING MUST BE BUILT ON WHAT WORKS

As funding is consolidated, proposals should build upon what works. The Child Care and Development Block Grant, a bipartisan bill signed just four years ago by President George Bush, has been working successfully for children and families since it began, and is the logical framework upon which any child care proposals should be developed.

The Child Care and Development Block Grant has not only helped thousands of working families pay for child care, it has also helped to:

- Increase the supply of safe, affordable child care options for families, and
- Improve the safety and quality of child care settings so that children are safe and secure while their parents work.

The Child Care and Development Block Grant has recognized the importance of the safety and availability of child care through three key provisions:

- Ensuring that providers (other than relatives) who receive public funds provide care that meets basic health and safety protections that are set by states. This not only keeps children safe, but also ensures accountability in that public funds cannot be used in illegal or unsafe settings;
- Making sure that states can expand the supply of safe and affordable care that helps families work, by devoting some funds to state efforts to expand supply and improve quality. This not only makes sure that child care is available for families

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who need it, but also means that children are more likely to get the care they need to enter school ready to succeed; and

- Ensuring that rates paid for child care subsidies are adequate to make sure that families are able to choose child care that is safe and helps their children develop.

States have taken advantage of funds from the Block Grant to make some progress on all of these issues. For example, low rates dramatically limit the choices of child care available to low-income families. Before the passage of the Block Grant, it was very common for providers to refuse to serve subsidized children, because state subsidies came nowhere close to covering the costs of child care. In a 1990 CDF survey, child care administrators in 36 states reported that their reimbursement rates or policies made providers unwilling to serve low-income children. The state of **Washington** stood out in this arena. A 1986 survey by the Washington Department of Social and Health Services found that many providers refused to accept subsidized children. Of those who did, 60 percent limited the number of subsidized children they accepted, typically because the rates were too low. **Since passage of the Block Grant, 40 states have raised reimbursement rates to child care providers in order to improve child care quality and to encourage caregivers to serve low-income children.** This has helped many families, by making sure they had child care options that would help their children learn.

Other investments in strengthening the quality and building the supply of child care have also paid off. Child development experts agree that training is one of the most important factors affecting the children's child care experience, in that a caregiver with some training is more likely to interact effectively with children, and be able to cope with the competing demands of working with many children. In 1989, before the passage of the Block Grant, nearly half of the states either made no attempt to train child care workers or provided only minimal assistance to help providers who wanted to learn how to better care for children.

Now, almost every state invests some of its Block Grant funds to expand and improve training opportunities for child care providers. This has had an impact on untold numbers of children around the country, as states have taken creative approaches to reach out to caregivers to help them to improve their skills. States have employed a number of exciting strategies -- some, for example, have developed new ways to help caregivers serving children in areas that are particularly hard to reach:

- Children in rural areas in **Georgia** are getting better quality care now, as the state is reaching out to local caregivers by bringing trainers in a van to rural child care centers for Saturday seminars and evening classes.

- **Idaho** has trained its public health nurses so that they too can help hard-to-reach providers.

Other states have made innovative uses of other strategies, such as developing training videos, developing intensive training for providers who work with children with special needs, and providing basic courses to make sure providers understand the health and safety needs of their children. And many states have creatively built upon fragmented existing efforts, using the CCDBG funds to coordinate community colleges, vocational schools, and other adult education programs to develop a more cost-effective and efficient approach to training.

Some states have used the funds to make sure that children are in safe child care, by using funds to make sure that child care programs meet basic state health and safety protections.

- For example, **Tennessee** is a rural state that relies heavily on family child care homes to care for children. The state was able to hire more people not only to visit these homes to make sure they were keeping children safe, but also to provide support and training to isolated family day care providers throughout the state.

- **California** developed an innovative approach to ensuring the safety of children in informal caregiving situations through Trustline. This effort has made an extraordinary contribution to protecting children. Trustline's background checks on informal caregivers found that 5 percent had criminal records and that 60 percent of these involved child abuse convictions.

In addition to beginning to address the need to improve the quality of care for children in many states, the Child Care and Development Block Grant has allowed states to take steps to address the inadequate supply of child care, a problem in many communities around the country:

- A survey of Illinois AFDC recipients commissioned by the Illinois Department of Public Aid found that some low-income areas in the state had little or no licensed care, and many of the AFDC parents they surveyed reported transportation difficulties in getting their children to and from child care.

- Numerous studies, including a recent report by the Carnegie Foundation, has found that the lack of decent infant and toddler child care is a major problem for families in communities across the country.

Even a small grant or loan can make a significant difference in helping family child care providers purchase the cribs, toys and high-chairs necessary to open their doors to families. Children all over the United States now have access to child care because states used CCDBG funds to expand the supply of child care in areas where the supply was inadequate. For example,

- Many more children in **Ohio** and **Nebraska** now have access to family child care homes, because these states used CCDBG funds to provide start-up assistance to family child care providers.

- Similarly, school-age children in **Delaware** who might have otherwise been caring for themselves are now more likely to have a safe place to go after school, since the state invested $200,000 in start-up and expansion funds for school-age child care.

States have undertaken many innovative efforts to address and to improve the quality of child care for America's families, and to improve the supply. These efforts have been fundamental to the CCDBG's success at helping families work.

If it is to be as effective in helping families work and keeping children safe, any consolidation of federal child care funding must maintain the commitment to ensure that children whose child care is paid for with federal funds are in safe and secure child care settings. If Congressional welfare reform efforts are to succeed, Congress must ensure that there will be an adequate supply of child care available in local communities so that parents can go to work without jeopardizing their children.

Such efforts are essential if parents are to have access to safe places to keep their children. And they are more likely to continue if states are ensured that some federal funds are dedicated to improving quality and supply building. If funds are not set-aside to ensure that help is available to families to find child care that meets their needs, to create new child care opportunities in low-income communities, to train child care providers so that they have the skills they need to work with large groups of young children, and to hire the people needed to ensure that programs are safe, **many states will be driven to invest limited dollars in subsidies only, without ensuring that families are able to choose safe care that will help their children enter school ready to succeed.**

THE ASSURANCE OF NUTRITIOUS MEALS FOR CHILDREN IN CHILD CARE MUST BE MAINTAINED

Lastly, we are deeply concerned about proposals to dismantle the Child and Adult Care Food Program (CACFP). We must maintain a national commitment to ensuring that children receive the nutritious meals they need to thrive in their key early learning years, and maintain the efficiency involved in a national approach to providing nutritious food to children in child care settings.

The Child and Adult Care Food Program (CACFP) provides this commitment and is a critical component of federal support for child care. The snacks and meals it provides not only ensure the healthy development of millions of American children, but also helps working parents by taking one more worry off of their shoulders and reducing their child care burden. Because parents and child care providers are stretched thin trying to keep children healthy and safe while in child care, any proposal that eliminates the assurances provided by CACFP directly threatens children's development, places an even greater financial burden on low-and moderate-income families, and limits parents ability to work.

The program provided essential nutritious meals to over two million children in 1994 -- including an estimated **230,000 in California, 66,000 in Michigan, 63,000 in Florida and 145,000 in Texas.** These are children who are better off today because their growing bodies received the nutrients they needed for healthy development -- allowing them to grow well, to learn in child care, and to get ready for school.

It is alarming that the long-held national commitment to ensuring that young children are not hungry during a long day in child care could be wiped out at the very same time that even more low-income children will need these nutritious meals and snacks.

The CACFP was designed to be a logical companion to the National School Lunch Program, in that it is common sense that children who are well fed in their early childhood settings will be much more likely to enter school ready to learn. For many of these children, the child care program they attend is their primary source of food; they spend 10-12 hours each day in care and receive most of their meals while there. According to Congress's Select Panel for the Promotion of Child Health, preschool children often receive 75-80 percent of their nutritional intake from their child care providers.

The importance of adequate nutrition for young children cannot be overstated. The recent Carnegie Report Starting Points: Meeting the Needs of Our Youngest Children, stresses that inadequate nutrition in the first years of life can have devastating consequences, as it can seriously interfere with brain development which leads to a range of problems including learning disabilities and mental retardation.

The CACFP has been particularly important to children in family child care settings, as it not only ensures their good nutrition, but is also linked to improvements in the quality of care that children receive. Family child care providers, many of whom are low-income women, often work extremely long hours and are very isolated from other adults. Many have little training on how to work with a group of children. CACFP has made real differences in the lives of providers and the children in their programs. It provides a strong incentive to family child care providers to become licensed or registered. This not only gives them access to a range of training and support activities, but also helps make sure they leave the underground economy and begin to pay taxes. Through umbrella sponsors, family child care providers also receive two to three site visits a year. These visits are particularly important, since states with limited resources are providing less and less monitoring and support to family child care providers who care for as many as twelve children.

In closing, let me reiterate that good child care and nutrition for young children are essential to achieve two important goals -- reforming welfare so that America works, and ensuring that our youngest children enter school ready to succeed. Children who enter child care in 1995 will be five in the year 2000. This is the year that President Bush and the nation's governors singled out in 1989 as the first year that all children would enter school ready to learn. If our children are not well-fed and cannot pay attention in their child care settings, they will not be able to concentrate or take advantage of the early learning experiences needed to be ready for school. If their parents are so desperate that they are forced to place their children in child care situations that not only do not prepare their children for school but are also potentially damaging to their development, these children will definitely not be ready to take full advantage of their early school years. If parents have no choice but to depend on unreliable child care arrangements that often fall through, they will have a hard time keeping their jobs and remaining independent. We would urge you to weigh every decision that you make regarding child care against two benchmarks: Does the decision help America work? And does it help our children succeed?

Chairman CUNNINGHAM. Thank you, Ms. Blank.

I would recognize Tina Davis, a student at Montgomery College and parent currently receiving child care subsidies, Takoma Park, Md.

STATEMENT OF TINA DAVIS, STUDENT AT MONTGOMERY COLLEGE AND PARENT CURRENTLY RECEIVING CHILD CARE SUBSIDY, TAKOMA PARK, MD.

Ms. DAVIS. Before I begin I wish to thank this body of Congress for allowing me the honor and privilege of speaking before it.

Chairman CUNNINGHAM. Could you speak into the microphone?

Ms. DAVIS. When my first child was born I was a recipient of Aid to Families With Dependent Children. I found a job when he was 9-months-old and discontinued receiving AFDC payments. Three years later, during my pregnancy with my second son, I stopped working briefly for medical reasons. When he was born, I went back to work.

In 1984, I got married and soon after our first anniversary I delivered another son. My spouse and I made a mutual decision that I would stay home until all the children were in school. This proved to be a heavy burden on him and we decided that I would go back to work. I did not want to work the rest of my life as a waitress. I worked for places where I could be trained. I found the Far Southeast and Chamberlain Career Development Centers. There I learned to type and to use computers. I took the Civil Service exam, passed it, and was hired by the Federal Government.

Sadly, our marriage did not work and I was left to raise three sons on my own. This task I undertook with love and compassion for my sons. I refused to have them be deprived of their basic needs. I found Working Parents Assistance Program. This program has been a blessing.

It is run by people that really care about me and my children. They have helped me to receive child support from my son's father and the family service workers have encouraged me to continue to work toward my personal goal of getting a college degree.

The goals at WPA are the same as mine, to become totally self-sufficient and to receive child support. In order to obtain these goals, WPA requires that the parent prove that they are actively seeking child support from the absent parent, to prove their income, and to provide their school and registration paperwork.

WPA also requires that we go through a recertification process every 6 months. A lot of people complain that the rules are hard at WPA but I think they are very fair. WPA has a child care advisory committee that is voluntary. The parents and child care providers meet and discuss problems and solutions to problems in the child care arena.

The WPA voucher system of payment for child care, they use that payment program. The child care providers are more apt to accept this form of payment because they realize that they will be paid in a timely manner; that with these vouchers the parents have, they can negotiate the price of the child care with the child care providers. The parents are able to go to work realizing that they have found affordable, licensed, quality child care and that this benefits the parents because they do not have to worry about the safety of their children. It benefits their employers because it increases their productivity on the job.

In this program, the child care provider must be licensed. Family members are not allowed to be child care providers unless there are extenuating circumstance. The parents and the providers sign a statement of responsibility which outlines the responsibilities of both parties.

I would be remiss if I did not thank some of my friends who have helped me and encouraged me to do better. And they are Ann Michel, Nancy Lawrence and Judy Rosenthal. It has taken determination and tenacity for me to achieve my goals. My beloved mother proved, by doing, that welfare did not have to be a way of life.

In May 1996 I will graduate with an associate's degree in computer applications and a certificate of completion in technical writing from Montgomery College. The WPA Program and the support of my family and friends have been instrumental in helping me to achieve my goals. For this I thank them from the bottom of my heart.

With more programs modeled after WPA, we will hear more success stories such as mine and many more people will choose self-sufficiency over dependency on welfare.

Thank you very much.

Chairman CUNNINGHAM. Thank you, Ms. Davis.

And Debbie Shepard, director, WPA, Department of Family Resources Montgomery County, Rockville, Maryland. And I didn't slight you. Even as the chairman I have a script up here I have to follow. So the gentlelady is recognized.

STATEMENT OF DEBORAH SHEPARD, DIRECTOR, WORKING PARENTS ASSISTANCE PROGRAM, DEPARTMENT OF FAMILY RESOURCES, MONTGOMERY COUNTY, ROCKVILLE, MD.

Ms. SHEPARD. I apologize, but it is nice to meet you all again.

I am here this morning to talk about WPA, the Working Parents Assistance Program. It is a local program totally funded by Montgomery County that provides child care subsidies to working parents so they are enabled to continue working. WPA goals are to promote family independence through economic self-sufficiency.

I am very proud to testify today about this local county program which we believe is a strong example of how local innovation can improve services. Our program emphasizes investing in working parents, providing them with child care services they need to stabilize employment, and to move toward self-sufficiency. At the same time, we empower families to pursue all avenues of income that will help them so they can become self-sufficient.

Our statistics demonstrate this. Sixty-six percent of our families' need for subsidies decreases every 6 months, which demonstrates they are moving toward self-sufficiency. In fiscal year 1994, WPA's families paid over $2 million in taxes and contributed to the local, State and Federal economy.

WPA is innovative in several respects. Eligible families are issued vouchers and are able to shop for licensed child care. Subsidy levels are calculated annually and are based on both the cost of living and the cost of child care in Montgomery County. We feel both parents are responsible for their children. Therefore, custodial parents must pursue child support.

Currently, 89 percent of our parents are pursuing or receiving child support at an average of $327 a month. In comparison, in the State of Maryland the average per child support received per family is $267. Child support is a vital part of single parents becoming economically self-sufficient.

The Working Parents Assistance Program was designed to meet local needs by being flexible and yet recognizing both parents are responsible for their child's financial support. Currently, in Maryland, there is a child care crisis. Despite the fact that both the State and county invested significant dollars to supplement the thousands and millions we are receiving from the Federal Government, there are fewer dollars for working parents. That is because the number of AFDC recipients is increasing and the dollars for child care subsidies are being used for AFDC families.

What this has created in Montgomery County is that currently we have 1,400 working families on a waiting list, waiting for child care subsidies. We do know what is happening to some of these families. Their options are to choose unlicensed, unsafe child care, to leave very small children alone at home, or to go on welfare.

One example of this is recently I received a call from a manager of a mall in this area. He was calling because a 4-year-old child was left on a bench 8 hours a day every day outside a store in his mall. The reason why? Mom worked inside that store. What are her options, he asked? Her option is welfare, and that is her only option right now.

I would like to take this time to point out the orange self-sufficiency booklet which we brought today in which our commission analyzed and compared self-sufficiency and welfare. What they determined was that the average savings of a WPA family versus an AFDC family in Montgomery County is $16,668 a year. That is a savings to the taxpayer. This figure does not include what a working poor family would be contributing to taxes.

I appreciate the opportunity to share with you my experience today with what I believe is one of the truly first welfare reform programs in the country. If you have any additional questions, please feel free to call me. In WPA we firmly believe that parents should be taxpayers not tax users.

Thank you.

[The prepared statement follows. An attachment will be kept in the committee files.]

DEBORAH SHEPARD TESTIMONY - February 3, 1995

Good morning. My name is Debbie Shepard and I am the Director of the Working Parents Assistance Program of Montgomery County, Maryland. The Working Parents Assistance Program (WPA) is a Montgomery County funded child care program that provides subsidies to eligible single and two parent families enabling these parents to continue to work. WPA's goal is to promote family independence through economic self-sufficiency.

We are proud to testify today about our local County program, which we believe is a strong example of how local innovation can improve services. Our program emphasizes investing in working families, providing them with child care services they need to stabilize employment and move towards self-sufficiency. At the same time, we empower families to pursue all avenues of income that will help them become self-sufficient. Our statistics demonstrate the success of our program, i.e. 66% of our families need for subsidies decreases every six months proving that they are moving toward self-sufficiency. In FY94, WPA families paid over $2,000,000 in taxes, adding to the local, state and federal economy.

WPA is innovative in several respects:

- Eligible families are issued vouchers for child care costs.
- Subsidy levels are calculated annually on both the cost of living and the cost of child care in Montgomery County.
- Both parents are responsible for their children and therefore, the custodial parents must pursue child support. Currently 89% of our parents are pursuing or receiving child support at an average of $327 per month. As a comparison, the Maryland average child support collection is $267 per month. Child support is a vital part of single parents becoming economically self-sufficient.

The Working Parents Assistance Program is a local program which has been designed to meet local needs by being flexible and yet recognizing that both parents are responsible for their childrens' financial support.

We have a statewide child care crisis in Maryland. Despite the fact that both the state and the county invest significant dollars to supplement federal child care help, our programs cannot help thousands of children whose parents need child care to work. Fewer dollars were available for working poor parents because of the increasing numbers of AFDC parents who are entitled to child care subsidies. This has created a long wait for help for working parents who are eligible for our program. Several years ago, our county was able to help each family that asked for help and met our guidelines. Now the County has a waiting list of over 1400 families. We know that families on our waiting list for child care subsidies may be forced to put their children at risk as they struggle to work to support themselves. Many use unsafe, unlicensed care or leave their small children alone. Recently I received a call from a manager of a mall who reported that a four year old was left on a bench in front of a store while his mother worked eight hours a day. Her only other option was welfare. Please take the time to review our self-sufficiency booklet which talks about the savings of child care subsidies versus welfare. We found that the average savings of a WPA family versus an AFDC family was $16,668 per year.

I appreciate the opportunity to share with you my experience with one of the first true welfare reform programs in the country. If you have additional questions please feel free to call me at 301-217-1168. Remember, WPA allows parents to be tax payers not tax users!

At this time I would like to introduce Tina Davis, a WPA parent who also was on welfare, to share her experiences with you regarding welfare versus self-sufficiency achieved through child care subsidies and child support.

Chairman CUNNINGHAM. Thank you, Ms. Shepherd.

I would recognize Karen Highsmith, acting director, Division of Family Development, New Jersey Department of Human Services, Trenton, N.J.

Ms. Highsmith.

STATEMENT OF KAREN HIGHSMITH, ACTING DIRECTOR, DIVISION OF FAMILY DEVELOPMENT, NEW JERSEY DEPARTMENT OF HUMAN SERVICES, TRENTON, N.J.

Ms. HIGHSMITH. Thank you. I am very pleased to have the opportunity to testify on a subject which is of great importance to New Jersey: Child care vouchers. I am particularly gratified that the two committees which have jurisdiction over child care are having a joint hearing on this important matter. Your leadership and willingness to work together to develop a more consistent, rational and effective national child care policy is greatly appreciated.

The New Jersey Department of Human Services has a long history of using vouchers and much information on their success. We first began to pilot vouchers in 1982, in a small program funded through a grant from the Federal Government. Then, in 1986, during the planning process for our first welfare reform program, REACH, we made the decision to institute a major mainframe automated voucher system which would generate vouchers, pay providers and, at the same time, be linked to the parents' satisfactory participation in our welfare program.

The REACH Program was later changed slightly to incorporate the JOBS Program. Then, in 1992, we instituted the Family Development JOBS Program under another Federal waiver. Throughout this time period, which spans from 1987 to the present, we provided voucher child care services to many children. In fact, just since the inception of our Family Development Program in 1992, through December 1994, over 84,000 children have utilized child care vouchers through this system.

When funds were made available through title IV–A At-Risk Child Care Program and CCDBG, the Child Care and Development Block Grant, we welcomed this change and viewed it as a great opportunity to expand vouchers to a broader community beyond the welfare population. We also used the opportunity to design a very user friendly PC voucher system for both parents and providers, learning from the difficulties we had encountered in our mainframe voucher program. We did not build upon the existing mainframe voucher structure but used the lessons learned in that system to create a new community-based child care voucher program which we call New Jersey Cares for Kids.

This program combines the CCDBG 75 percent funds and the title IV–A at-risk funds into one program made available to income eligible parents at the local county level. The program is operated by our local child care resource and referral agencies, which, for the most part, are private nonprofits. The child care resource and referral agencies through our seamless child care system take child care applications, certify them through the use of our new automated system, CARES, help parents find child care placements when needed, review completed vouchers when they have been signed by both parents and providers, and cut the checks to pay providers prospectively as long as they submit completed vouchers in a timely fashion.

We have invested so heavily in vouchers because we believe they are the most effective mechanism to empower parents. In fact, the voucher program is so popular that we have a waiting list of approximately 12,000 children seeking admission into New Jersey Cares for Kids, even though the program was only publicized during its initial week of startup. Had we advertised beyond that point, we expect that the waiting list would be significantly greater. To date, almost 27,000 children have received services through our NJCK Program.

As you can see, there is a much greater need for subsidized child care services in New Jersey than there are funds and resources to provide these services. In addition, there are approximately 12,000 children on waiting lists in our contracted child care programs which we provide with social services block grant funds.

We believe that vouchers empower parents to make their own decisions and that their choices are not just limited to where they live, or in proximity to a school or training program. With vouchers, parents are free to select the type of care they want for their children and to choose a location that meets their unique needs. However, we want to point out that vouchers really only work effectively if child care is out there to be selected and proper safeguards to protect children are in place to ensure at least a minimum level of quality.

We believe that in order to offer parents a true choice in our State, we need to maintain our dual system of contracts and vouchers. While we are likely to invest any new funds in our voucher program to continue to provide access for those parents who for so long were denied needed subsidies, we also clearly know that we cannot afford to dismantle the center-based contracted slot system we have had in place for two decades, because these programs are located primarily in our inner cities and our rural areas.

In our opinion, quality child care choices would not be available to parents in these areas if we converted all of our contracts into full voucher systems, as some States have done.

Chairman CUNNINGHAM. If the gentlelady could wrap up.

Ms. HIGHSMITH. Yes. We would also like to emphasize that it is important to New Jersey that title IV–A guarantee child care for participants who need it, in order to require the individual's participation in the work program or training program, remain in place, instead of having the only opportunity for them to be at the expense of other low-income working families. We believe that child care subsidies are important for the working poor who have managed to avoid the involvement with the welfare system, and we would like to ensure that both opportunities are provided for all levels of people participating in our programs.

I would like to just thank you for the opportunity to share our experiences in New Jersey and to provide our support for the continuation of voucher programs because they really do meet the unique child care needs of our diverse citizens.

[The prepared statement follows:]

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON ECONOMIC AND EDUCATION OPPORTUNITY
SUBCOMMITTEE ON EARLY CHILDHOOD
WAYS AND MEANS COMMITTEE
SUBCOMMITTEE ON HUMAN RESOURCES

TESTIMONY ON NEW JERSEY'S CHILD CARE PROGRAM

KAREN HIGHSMITH, ACTING DIRECTOR
NEW JERSEY DIVISION OF FAMILY DEVELOPMENT
February 3, 1995

I am very pleased to have the opportunity to testify on a topic which is of great importance to New Jersey--child care vouchers. I am particularly gratified that the two committees which have jurisdiction over child care are having a joint hearing on this important matter. Your leadership and willingness to work together to develop a more consistent, rational and effective national child care policy is greatly appreciated.

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Then in 1986 during the planning process for our first major welfare reform program, REACH, we made the decision to institute a major mainframe automated voucher system which could generate vouchers, pay providers and at the same time be linked to the parent's satisfactory participation in our welfare reform program.

The REACH program was later changed slightly to incorporate the JOBS program; then in 1992 we instituted the Family Development/JOBS program under another federal waiver. Throughout this time period which spans from 1987 to the present, we provided voucher child care services to many children. In fact, just since the inception of our Family Development Program in 1992 through December 1994 over 84,000 children have utilized child care vouchers through this system.

When funds were made available through the Title IV-A At-Risk (ARCC) child care program and the Child Care and Development Block Grant (CCDBG), we welcomed this change and viewed it as a great opportunity to expand vouchers to a broader community beyond the welfare population.

We also used this opportunity to design a very user-friendly PC-based voucher system for both parents and providers, learning from the difficulties we had encountered in our mainframe voucher program.

We did not build upon the existing mainframe voucher structure, but used the lessons learned in that system to create a new community-based child care voucher program which we call New Jersey Cares For Kids (NJCK).

This program combines the CCDBG 75 percent funds with the Title IV-A At-Risk funds into one program made available to income eligible parents at the local county level. The program is operated by our local Child Care Resource and Referral Agencies (CCR&R) which for the most part are private non-profits.

The CCR&Rs through our seamless child care system: take child care applications; certify them through the use of a new automated system called CARES; help parents find child care placements when needed, review completed vouchers which have been signed by both parents and providers and cut the checks to pay providers prospectively as long as they submit completed vouchers in a timely fashion.

We have invested so heavily in vouchers, because we believe they are the most effective mechanism to **empower** parents. In fact, the voucher program is so popular that we have a waiting list of approximately 12,000 children seeking admission into NJCK, eventhough the program was only publicized during its initial week of start-up.

Had we advertised beyond that point, we expect that waiting lists would be significantly greater. To date almost 27,000 children have

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received services through the NJCK program. As you can see, there is a much greater need for subsidized child care in New Jersey than there are funds and/or resources to provide these services.

In addition, there are approximately 12,000 children on the waiting lists for our contracted center slots which we provide with Social Services Block Grant (SSBG) funds.

We believe vouchers **empower** parents because they no longer have to be denied child care subsidies just because they do not live, work or attend school/training in close proximity to one of our contracted centers. With vouchers parents are free to select the type of care they want for their children and to choose a location which meets their unique needs.

However, I would like to point out that vouchers really only work effectively if the child care is out there to be selected and proper safeguards to protect children are in place to ensure at least a minimum level of quality. We believe that in order to offer parents a true choice in our state, we need to maintain our dual system of contracts and vouchers.

While we are likely to invest any new funds in our voucher program to continue to provide access for those parents who for so long were denied needed subsidies, we also clearly know that we cannot afford to dismantle the center-based contracted slot system we have had in place for two decades, because these programs are located primarily in our inner-cities and in our rural areas. In our opinion quality child care choices would not be available to parents in these areas if we converted all our contracts into a full voucher system as some other states have done.

Eventhough we had to work with two different sets of regulations and requirements, we managed to develop a system which really works for families. However, had the Child Care and Development Block Grant and the Title IV-A At-Risk program been combined into one grant with one set of standards, compliance issues, etc. it would have been much easier to design, implement and operate our program. We believe that block grants can be designed to be both comprehensive and user-friendly to the states.

Our concerns basically relate to the genuine needs of the low income families on current waiting lists for our existing child care subsidy programs which are not related to the welfare system. Since needs are so great in these programs, it is important that funding to support them not be reduced. A reduction would likely eliminate services to a corresponding number of low income working families.

However, in welfare reform, we also must have timely access to guaranteed child care for a participant who needs it in order to require that individual's participation in either a work or training program. The magnitude of the need for subsidized child care in general is widespread among New Jersey's working poor and near-poor populations. Yet, we have a strong commitment to help those on AFDC to extricate themselves from that system at the earliest possible time.

In this way the JOBS' child care guarantee can be continued, but not be perceived as having done so on the backs of the working poor who have managed thus far to avoid involvement with the welfare system.

Before closing my remarks, I would like to take the time to share part of a letter received from a parent in our subsidy program. We have received countless similar letters from those in NJCK, as well as from those who have gone through our welfare reform program. This particular letter is from a 20 year old single mother:

> "Last year I applied for your childcare assistance program and was accepted. I must say that since then I have put some of my financial difficulties back into perspective. As you know childcare is most important or in fact mandatory to a working mother. It is also (for me) the second most

> expensive bill I have (rent being the first). At a time when parents are being put in the public eye and in some cases arrested for leaving their children alone because they can not find affordable child care, I am pleased to say Thanks to your program. I do not have that problem because my childcare is now affordable. ... This is a fabulous program and has been a great help to me (more than words can say). I hope you will continue this program so that it might help other working mothers like myself..."

I would like to thank you for this opportunity to share our experiences in New Jersey and to provide our support for the continuation of voucher programs because they really do meet the unique child care needs of our diverse citizens.

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Chairman CUNNINGHAM. Thank you. And for the new members that have come in, we have a 4-minute green light and 1 minute gold light, and if the question goes into the gold light, the panelist will have 1 minute to wrap up on the red light and then I will throw the gavel. We do have another panel after this.

We thank all of you.

Ms. Highsmith, I would say we just listened to testimony before the Governors, and the State of New Jersey, they brought up an interesting statistic. They did a study on records of AFDC. The Governor of New Jersey made the statement that when they cross-check those on the AFDC in New Jersey, 30 percent of those folks were also drawing AFDC from New York and they did not even change their Social Security number. And we are trying to eliminate that type of corruption.

I only have two questions and then I will go to my friend Mr. Kildee, from Michigan.

Ms. Blank, on the severe needs of the problems that we are talking about, broken homes and families, does the Children's Defense Fund try to keep families together; and with what activities? And, second, do you promote marriage counseling within the program and support reducing taxes to take care of some of these middle-class families?

Ms. BLANK. The Children's Defense Fund has a long history of working on helping to keep families together because we believe that children are best with their parents in stable families.

Chairman CUNNINGHAM. Do you have any activity that helps, such as counseling?

Ms. BLANK. We do not do any counseling. We work with States and local communities that do that. Mary Lee Ellen, who is actually here and who is an expert in child welfare and family support, could talk to you more about that after the hearing.

Could you repeat your tax question?

Chairman CUNNINGHAM. Many of us contend that part of the problem is that the taxes on the middle class keep people from actually having the money to get the child care and to get off welfare and those kinds of things. For small businesses, it costs jobs so they cannot go to work. The minimum wage is another problem.

But would you support reducing the tax on the middle class to give them more money in their pocket to provide for these kinds of things?

Ms. BLANK. Well, it is complicated. Because a lot of parents, the parents we talk about, the parents on the waiting lists, most States have cut eligibility. Many of those parents have no tax liability. This committee was very instrumental in cutting tax liability, I believe that it was under Senator Packwood in 1986, and, as a result, some of these low income struggling families who cannot pay for care do not have tax liability. So cutting taxes will not make a huge difference to them. Their earned income credit may go up a little.

They have such tight budgets. Poor families pay an average of 27 percent of their budget for child care, where other families pay only about 6 percent.

We also provide middle-class families help in paying for child care already through the dependent care tax credit, which gives them a little extra boost, as well.

Chairman CUNNINGHAM. Well, one of the problems we have is that when you get a divorce you are handled differently under our Tax Codes, and quite often, as we have heard in testimony, someone is thrown into a system, like Ms. Davis, with three children, and all of a sudden their tax burden is actually higher than when they were married.

The point is we do not have an incentive for people to get off welfare, and I think part of that is, first, to provide a job; second, is that when they are working, and they have to pay for these other extras, transportation, clothing and so on—this gentleman would support not taking that portion of AFDC away from them so that they can provide for child care; and, at the same time, I know in the military, we have thousands of our petty officers on food stamps. It is that bad.

And those people, the taxes that they pay, the position of this chairman is that under WIC, I want to maintain the same nutritional standards. Head Start works in California, so does WIC. And with regard to nutrition, I think if we separate that from what we are talking about in the welfare programs, then we will not kill the school lunch programs and the school breakfast programs. That is the general direction that I know many of us want to go.

Ms. BLANK. I agree with you about nutrition. I hope you recognize that the Child Care Food Program is the precursor to school lunch. If the children do not eat well in child care you are going to have to give them a real big lunch.

Chairman CUNNINGHAM. I understand and I thank the gentlelady.

I recognize my good friend from Michigan, Dale Kildee.

Mr. KILDEE. Helen, a question to you. What efforts do you think the States are likely to take if child care programs are consolidated at the present level of spending? What efforts do you think they are likely to make to ensure that families have help in paying for child care and that children receive a decent quality of child care?

What are your prognostications if that were to take place?

Ms. BLANK. Well, we strongly support consolidation. It makes sense to put many of those programs together, but we still think the biggest issue is resources. And if they are consolidated at the current level, I believe that States are going to have a very hard time.

You just heard about the New Jersey and the Maryland waiting lists. I talked about the other waiting lists in other States as well. Michigan serves a fraction of the children who need help. States are under a lot of pressure. There are alarming signals about what might happen.

For example, Michigan had the freedom and flexibility to get more Federal money to serve the working poor through the At-Risk Program under this committee's jurisdiction for 4½ years and did not use that full amount of, I think it was almost $12 to $13 million until this year. Many States, when we passed Federal legislation in 1990, even though there was language that they had to maintain their effort, cut back their State efforts.

So it is hard to say. These waiting lists have mushroomed. States have not increased their investment as the need has grown over the last few years.

Will they keep children safe? I hope so. The language in the block grant which required States to have minimum protection, and they were very minimal, all that we are trying to do is to ensure that children are not in dangerous situations, really helped many States for family day care providers. In some States, such as South Dakota, this involved providers who cared for as many as 12 children. States were able to put in place simple things like a checklist for parents that providers could look at together.

I think without some essential accountability, given the pressures, they may be forced to move back. Before the block grant, about half the States did not invest in training for child care providers. Training can make a big difference. It can help a family day care provider to know that if you do not shake a baby, you may not have shaken baby syndrome, which can kill a baby. Very simple things.

But States did not choose to invest the money in training. Now they all do. But if they have enormous pressure, with so many families moving off welfare to work, in an already beleaguered system, they will be tempted to say let us put whatever money there is in subsidies, and make those subsidies, to be frank, as cheap as possible. This will severely restrict parents' choice of providers. They will say that we cannot afford training, we cannot afford programs like resource and referral that helps families find care, let us cut back on those protections because we are being swamped. And that is why you want to consider when you design a block grant about taking some minimum pieces in the current Child Care and Development Block Grant to help ensure that does not happen.

Mr. KILDEE. We do encourage the training of child care workers, but the pay for child care workers is very, very low. The people working at the National Zoo, that care for the animals out there, make far more than people who take care of our children in child care. We train somebody, the pay is so low, what is the turnover rate in child care? It is very high, I would think.

Ms. BLANK. The turnover rate in child care is over 25 percent. And it is an interesting point. My cab ride on the way over here, there were five of us in the cab, cost $5.25, which is about what a child care worker gets paid in an hour. It is a real problem because young children, especially from households with a lot of disruption, need the security and continuity of stable care giving. And what we have is tremendous discontinuity because workers do not stay in child care for very long.

I once had a mother write to say that Johnny loves his child care program, but he gets a little upset every Sunday because he doesn't know who his teacher is going to be on Monday morning. It is a big issue.

Mr. KILDEE. Thank you very much, Helen.

Thank you, Mr. Chairman.

Chairman CUNNINGHAM. Thank you. I know when I sit on a panel and there is a chairman, I quite often wonder where I am in the line, and what I will try to do is to announce an on deck position next.

I am going to recognize Mr. Greenwood, and Mr. Stark is on deck.

Mr. STARK. I am out of order in my seating arrangement, Mr. Chairman. I would yield to Mr. Miller.

Chairman CUNNINGHAM. Well, I am going to recognize Mr. Greenwood, and I was saying you are on deck next. The minority gave me a list of who came when, and that is how I will recognize in that order.

I would recognize Mr. Greenwood from Pennsylvania.

Mr. GREENWOOD. Thank you, Mr. Chairman, and welcome panel members. There was some discussion today, led I think largely by Mr. Levin, but others on the issue of the availability of child care, while we are at the same time trying to move AFDC recipients into workfare programs or into work.

I think the assumption was that this was a zero sum game; that if you have *x* number of women who are home with their preschool children and you were to move them into the world of work, that all of a sudden all of their children become in need of day care, and where in the heck are we going to get all those day care providers.

This is offered not as a concrete proposal but just a thought that I would like some reflection upon. If you have a community with 20, let's say, single mothers with an average of 2 preschool children at home and the encouragement is at some point after 2 years under the bill that they need to be involved in some kind of a workfare program, to the extent that at least half of them are capable and would pass background checks and could provide day care themselves, could become day care workers and so that their workfare might involve reporting to the local church or the local community center to provide, to be day care workers, child care workers, they might bring their 2 children and then also be responsible to care for the 2 children of one of their neighbors.

You would have 20 families, 40 children. If 10 of those women, as their workfare program, were child care workers, that would free 10 more up to go out and look for private sector employment. I say this, advising I am not suggesting out of 20 women 10 will be perfectly qualified to do this, but they are in fact mothers or they would not be in the program, and we have not taken their children away from them, so we are assuming that they are capable of providing child care in their own home. Is there some reason to believe that that cannot be part of this process?

Let me ask Dr. Besharov and then Helen Blank.

Mr. BESHAROV. Well, there is an underlying point that you are making that I would like to emphasize first and then answer your specific question. And that is the amount of child care needed in a welfare reform regime is infinitely expandable, which is to say it will depend on how you write the rules: How much child care you require and how expensive you require it will be.

You can choose to require a Head Start-like program and spend $9,000 or $10,000 per child per year, or you can cash out the benefit, as a number of States have done, and spend much less than that and see no difference in the quality of the care as opposed to the child development. So a lot of the cost here depends on what you either require the States to do or allow them to do.

On the specific point you make, yes, as we look for things to have the welfare mothers do, either in their job training or in their public service jobs, child care has to be high on that list. Now, it is not going to be easy and it will be complicated to arrange, but when you talk to people in the communities about the things those mothers might best do—as an entry level job—child care is always high on that list.

Mr. GREENWOOD. Ms. Blank.

Ms. BLANK. Yes, it is possible. There are just a couple of notes of caution. It does not work for every mother. It is a very hard job, 10, 12 hours a day, real stressful. Imagine being with five 4-year-olds that long and not everybody is cut out to be a family child care provider.

The other issue to look for is whether this is a job. If you are looking at it as income replacement you run into a few problems, not just the low wages, but more—I was working with the Y in Philadelphia, and they had done a neat program and trained 27 women.

Well, these women depended on the other low-income women in their community to pay them to earn a living. And the voucher program in Philadelphia run by the local management agency was frozen. The Y didn't know what to do because it had these 27 women with no one coming to their doors.

It is complicated in terms of the viability of family day care as income in a community where people do not have a lot to pay for day care. But it is reasonable to think about some way of looking at this.

Mr. GREENWOOD. Thank you for your comments.

Thank you, Mr. Chairman.

Chairman CUNNINGHAM. Thank the gentlelady. And at this time I will recognize Mr. Stark, the gentleman from California.

Mr. STARK. Mr. Chairman, unfortunately when the distinguished panel was testifying, I was at the Joint Economic Committee finding out how an increase in the minimum wage would help a great number of the people that we are concerned about today. And as I did not have the opportunity to hear this distinguished panel, I am just catching up on their written testimony and I would like to yield at this time to Mr. Levin.

Chairman CUNNINGHAM. Mr. Levin is recognized for 5 minutes.

Mr. LEVIN. Thank you. Let me ask Helen Blank and Dr. Besharov to describe the differences between your two positions.

Mr. BESHAROV. You mean does the CDF agree there should be a block grant; that the current system is a mess and that you ought to fix it?

I want to say when you talk to child care providers around this country, whether they will say it publicly or not, they would like the system fixed. Regardless of whether you put more money in it, gentlemen and gentleladies, fix the system.

Mr. LEVIN. I think there is agreement the system is not working very well, but where we go from here, whether there should be a provision of Federal resources, whether block granting is tied into the end of the entitlement provision or not, what is the line between the two of you?

Ms. BLANK. We may differ on some issues. We support some type of child care block grant. There is no reason not to put the Child Care and Development Block Grant and some other child care programs together. We work with many States and we agree that the proliferation of programs is one part of the problem, but what the State officials across the country tell us their real problem is, and we talk to them all the time, that the fundamental problem is what I said before, a lack of resources.

Do you help the mother who has been on and off welfare and yet goes back to welfare in order to get Transitional Child Care assistance and give her more help, or do you give a mother that makes $6 an hour, who was on welfare 2 years ago and who is on the waiting list in Illinois for help? Some States choose policies which result in discontinuity for children not just because of program rules. States do not pay a mother when she finishes her training and when she looks for a job. Not because they cannot, but because it is cheaper for them not to.

It is absolutely true we should put programs together, but if you put them together and do not add resources to this very fragile system, children will suffer. I think it does make sense to retain an entitlement as mothers work and they are on welfare because I think it will help them work.

I think it makes sense to maintain a floor for nutrition for children who eat. When you are talking about the years when their brain cells develop. We have an efficient Federal system so the food companies do not have to make 50 different kinds of fruit cups to satisfy national nutrition requirements, they can make 1. Food programs work. It makes sense when children are in their key early years to ensure they are well fed.

So I guess we would maintain certain key entitlements, but we would put programs together. We think they should have the same rules. We think States should have a lot of flexibility, but there should be certain key protections when you give out Federal money.

We think child care is primarily State-driven now. The Head Start Program is an unusual program with a lot of local flexibility. It was passed last year, reauthorized last year with bipartisan support, the members of this committee supported it. It helps mothers move off welfare. Over 30 percent of the staff are parents of current or former students, and it gives children something unusual, so I would not suggest tampering with Head Start at this point in time. Many Head Start and child care programs work well together. We are actually doing a book on their collaborations.

Mr. BESHAROV. First, at a time when the President is proposing slashing domestic spending, the Democratic President, it is a diversion to talk about putting more money into child care. You can talk about it all you want, but I don't think it will do any good. I am an amateur at this. This Congress is not going to increase funding. So that is a diversion in this discussion, in my opinion.

Second, I think that I am much more worried about the place of Head Start in these evolving networks. I am afraid that if you don't do something to incorporate it in these programs, it will become more irrelevant to the provision of child care to children. It competes now with public school programs. It looks for kids in many communities because the parents want to be someplace else.

I would disagree about child care feeding. I think most child care feeding dollars, not all, are just indirect cash subsidies and ought to be treated like any other subsidy—and given to the programs as such.

And finally, I would be very leery about reserved seating, where the Federal Government has by all these different block grants guaranteed one group 10 seats on this plane; another group, 15 seats; and so on. Those are decisions the States should make and you shouldn't reserve seats, such as which one is for the working poor or for AFDC recipients—let the States set those priorities within the context of their local needs.

Chairman CUNNINGHAM. Thank you. That is a very good question, Mr. Levin. I like being chairman because I can interject things.

I look at what we are really trying to do. The flexibility I think is the big issue. As I have stated, I think WIC and Head Start work very well in California. What may work for Tommy Thompson in Wisconsin may not work for Governor Wilson in California. And while we are looking at the different programs, while we have 366 programs in welfare, we have to cut down the ones that are not working and cut down the overhead. And from both positions, I think you would agree with that.

We also have an immense responsibility in the block granting system of making sure what we put in those block grants isn't deterring what we are really trying to save. And that is why your testimony, and everybody's, is so important to this committee.

I would recognize Mr. Ensign with Mr. Miller on deck, and then Ms. Dunn after that.

Mr. ENSIGN. Thank you, Mr. Chairman.

Ms. Shepard, I have some questions on where the child care is able to be, where the States would be able to say that, yes, this is approved child care, this is not when they talk about licensed facilities.

Would States in your opinion, in only licensed facilities, be able to allow grandparents to provide that child care, churches? Should States be able to say no, we need to have a separation of church and state, no Federal dollars going to churches and so church child care couldn't be provided?

Chairman CUNNINGHAM. We have a 15-minute vote coming up. We will finish this question and adjourn and then return to pick up the panel.

Ms. SHEPARD. To answer your question, I am also the administrator of child care subsidies so I do have the State program in Montgomery County, which does have unlicensed informal care. It is very important that we make sure our children are in safe licensed care, so we do need some kind of requirements typically.

Informal care works for parents who are on AFDC or possibly work experience part time or in school part time and they do have relatives taking care of children in informal arrangements. For that kind of situation, it works, I think. But for full-time parents involved in full-time activities, you really need licensed care. We need some guidelines to make sure these children are safe and these providers then will be trained. I think that is very, very important because we want to make sure the children are safe.

Mr. ENSIGN. Sometimes people say that we can't have Federal dollars going to churches. Would churches be allowed to provide care?

Ms. SHEPARD. Yes. Actually, churches already have centers in them. They also run the centers and they provide care. They do an excellent job. So we do have churches that are providing care.

Mr. ENSIGN. Ms. Blank, right now we are in a budget crisis with mounting national debt and deficit. We only have so many dollars to go around. I don't think that any programs are going to be increased by any dramatic means if we are going to be able to protect the health of our economy for our children and our grandchildren in the future. So we need proposals that can utilize the dollars that we are spending now or do it much more efficiently.

You brought up some suggestions. How do you take those dollars now and use them much more efficiently?

Ms. BLANK. I think you have a fundamental problem if you want to reform welfare without increases in child care funding. Since you are considering so many consolidations as you look at different parts of the government that don't serve children, maybe you can find ways to expand child care. States use child care very efficiently. They allow families to choose informal care, so they allow them to choose arrangements that may not cost as much.

We are not talking about requiring high standards, only minimal protection. With lots of new mothers coming into the work force and the kinds of waiting lists States already have, we are concerned about how our children are going to be cared for. There could be a real problem. I think if we could free up more resources, it would be cost effective to invest them in child care.

Mr. ENSIGN. Let me yield to Mr. Weldon.

Mr. WELDON. My question is a followup. Part of our job is making very tough decisions. If you had to choose between putting dollars into child care or welfare, would you recommend resources going more to child care?

Ms. BLANK. I think you have to protect children, so I am not sure I would—I would—that is a hard decision to make. What I would do is give the States some flexibility in using their welfare dollars to invest some of those dollars in child care so they could make that choice, if that makes sense.

Mr. ENSIGN. Thank you.

Chairman CUNNINGHAM. Thank you.

Mr. MILLER. Just a quick comment. I am sort of like Congressman Levin. I don't see a great distinction between the two testimonies here. I realize that, Helen, you might not agree with Doug's criticisms of the system. I think we are too quick to suggest that the individualized categorical programs aren't working.

The fact is, they are working for the identified population of individuals receiving child care, but it seems to me that you both arrive at the notion that the block grants, you would have us build on the Child Care Block Grant based on your testimony, that that is what is working, but it is a question of resources. But that is a political issue. We will struggle for resources whether they are block granted or they are not.

Ms. BLANK. I think we differ.

Mr. MILLER. Your testimony doesn't say that. Your testimony suggests that we ought to build on the community development, the Child Care Block Grant.

Ms. BLANK. But we also——

Mr. MILLER. It says the question is whether we will have enough money or not to meet the waiting list that you characterize.

Ms. BLANK. We support guaranteeing the child care assistance from others who are receiving AFDC, and we support guaranteeing support for that transition as you move into work and ensuring that children have adequate nutrition.

Mr. MILLER. That would not necessarily be prohibited in a block grant.

Ms. BLANK. But it would be very unlikely to have that guarantee with a limited amount of resources in that block grant. If you don't have a program targeted to nutrition, States have told us that they would eliminate the nutrition services to children.

Mr. MILLER. They might, but you always at the same time say this is essentially a State-driven system. They will put the resources and the manpower and the effort where they deem it necessary.

Ms. BLANK. We believe the food program is different and that it is an essential Federal commitment to feeding children that is separate and should be maintained.

Mr. MILLER. I don't see that in your testimony, but OK.

Thank you, Mr. Chairman.

Chairman CUNNINGHAM. Thank you Mr. Miller.

Ms. Dunn from Washington.

Ms. DUNN. Thank you very much, Mr. Chairman.

I would like to pursue a general line of questioning that I have heard introduced before. Mr. Besharov, you spoke in your opening remarks about making Head Start a part of block grants to States. I am interested in hearing your thoughts on the Head Start Program.

The $3 billion that is involved in that program; should that be allowed to be redirected by the States, for example, and what can you tell us about what we ought to do with the Head Start Program?

Mr. BESHAROV. My first advice is, whatever you do, do it very carefully, which is to say Head Start is a very popular program and in most places it is a very good program. The problem is that we have created a program that sits outside the standard operating network of most communities.

Head Start is special because it has a series of social services and other supports to the family. But they are reproduced in other programs. Whether it is WIC or other programs, those really find their analogs in Head Start Programs. We have one set program that duplicates everything else.

What I would suggest is, don't throw the baby out with the bathwater; that is, don't say there shouldn't be a Head Start Program. The States have much to learn from Head Start as we give them this much greater flexibility. I would suggest two possibilities, but there are others as well.

First, you might say to a State, if a State puts more of its own money in a Head Start-type program, not more Federal money but its own money, it could in fact then take over the operation of the State Head Start Program. For example, if a State in effect purchased Head Start by putting 50 percent more money in, the Governor and the State legislature could work on integrating it within the larger child care system. That, it seems to me, makes sense.

Another approach—and that is what I want to emphasize, there are different approaches—would be to say any State that wants to apply the Head Start standards, which require comprehensive services, to all of the child care programs that it funds or at least the child care center-based programs that it funds, that State might also then operate the Head Start Program.

These are two attempts that I see as having a reasonable ability of both incorporating Head Start within the larger program and yet not losing what is best about Head Start.

Ms. DUNN. Thank you.

Thank you, Mr. Chairman.

Mr. ENGLISH [presiding]. Thank you, Ms. Dunn.

Without another member to pose questions, I appreciate the presence of the panel here and I wonder if each of the panelists could quickly summarize for this panel in their view the most important potential advantages and the most important potential concerns about moving toward a block granted child care system?

I know that is an essay question, but if you could tick off the point starting with Ms. Davis.

Ms. DAVIS. Could you please repeat the question?

Mr. ENGLISH. I wonder if you could quickly summarize, and I could start with Ms. Shepherd if you prefer, potential advantages or concerns, quickly what you think to be the high points if we change the design of the Federal child care system to move from a patchwork of programs to a block grant.

Ms. SHEPARD. I think the idea of combining programs and then putting it into a block grant form is an excellent idea, but the downfall is, local jurisdictions like Montgomery County, Md., traditionally have not fared well with many of the block grant programs, and that concerns me. Because what is so great about our program is that it is flexible and meets local needs. So I would want to make sure that localities were really able to access block grant moneys so that it would be equal.

Mr. ENGLISH. Your main concern would be the access of localities to funds?

Ms. SHEPARD. Yes.

Ms. BLANK. My main concern would be that if you think of a block grant as solving the child care problem, you will end up back here 5 years from now with some other big problems. There is nothing wrong with consolidating several programs with certain safeguards for children, but it won't fix the resource problem.

Some type of a block grant is fine, but there has to be some reality testing about what it is going to do given the kind of need there is for child care, and that you don't end basic national commitments such as ensuring the children are not hungry when you do these block grants. You can do a well-designed child care block grant, but certain basic services for children and safeguards don't necessarily need to be included in a block grant.

Mr. BESHAROV. I see the advantages as two.

First, efficiency, much less time spent learning about the Federal rules and manipulating them to provide a basic service. And the second advantage is continuity. We have children who are bounced between different child care funding streams and often between centers. So efficiency and continuity.

The major drawback I can see is that if the Congress block grants this, it can't hold as many hearings on child care.

Mr. ENGLISH. That is also potentially in the advantage column. Ms. Highsmith.

Ms. HIGHSMITH. New Jersey would welcome the flexibility of being able to design a child care system within the State to address the many needs of the families that require child care. The only drawback that we would be cautious of is we wouldn't want to be put in a position where we would have to make decisions that one population would not be able to receive the level of services that they need over another population that was probably just as needy.

Mr. ENGLISH. For each of the panelists, Governors like John Engler of Michigan have testified that if given sufficient flexibility by the Federal Government, he would accept less funding and still provide for the welfare needs of the residents of his State.

Do you disagree and believe that the Federal Government can better design, operate and monitor child care programs than the individual States, or do you think that flexibility is something that will benefit at the local level?

Dr. Besharov.

Mr. BESHAROV. There is no fixed price for a child care program. A child care program, if it is provided through Head Start, is very expensive. A child care program, if provided through a community-based center, is less expensive but still costly. Child care programs that are provided in family homes are less expensive, and we know that those States that use cash benefits or vouchers for child care spend even less per child. This is a long way of saying that if you give States flexibility about how they provide child care, they will gravitate toward the more efficient systems.

So I think what we hear the Governors saying, and the child care lobbies are very outspoken in their communities, is they are betting that with the same dollars or a few less, they can provide at least the same amount of child care if not more. It seems to me that what they see is a kind of friction in the system; so it is a reasonable bet that there will be savings.

Ms. BLANK. I think flexibility is important. I think right now the Governors have quite a bit of flexibility on child care. If you go from State to State, you see enormous variation.

I would like to make one clarifying point. They all use vouchers. I think that putting some more programs to make it easy to administer them makes some sense. I don't think that the Governors are going to have the resources that they need to help families work and ensure they stay self-sufficient given the kind of picture most of the witnesses have painted today in terms of what the situation looks like for families.

I also think that whatever the block grant, there should be some minimum provisions to ensure that funds are not spent in situations that are potentially dangerous for children. There should be accountability built in. I do think the States can make basic decisions and they have for many years.

Mr. ENGLISH. Ms. Blank, what about the prospects of using some of the block grant money that is actually allocated for other needs within the welfare system? For example, I don't know if you are familiar with the learnfare program that exists in Ohio, the LEAP Program, but they utilize savings in one end of the system to provide child care and transportation services to make the program work elsewhere in the system.

Do you think that that is a potential model also for providing better child care services?

Ms. BLANK. It depends on what you are transferring between. I know Ohio has limited child care money and they were forced to shut down their intake for awhile and they have cut their eligibility dramatically so families only at poverty level get help.

Mr. ENGLISH. I don't think that was within the LEAP Program.

Ms. BLANK. It wasn't within LEAP, but it didn't give them enough resources to help their Ohio families to adequately deal with child care. If a community thinks they have solved the housing needs of poor families and want to put it in child care, I guess the issue is that in a low-income community, there are so many needs, it is hard to imagine with less resources whether you can squeeze out of a housing program to fix a child care program.

Things are tough out there, but I don't think it is a solution for adequate resources. A little extra flexibility might help them address their particular problems and that may make sense. It won't be enough, again, to fix it.

Ms. SHEPARD. I agree. I think there just are not enough resources out there currently, and that is what we continue to struggle for. I think you heard that when we were talking about the option for working parents. There just isn't enough money in the States and counties and the Federal. Their only choice is welfare because right now they are entitled to that.

Mr. ENGLISH. You like the idea, though, if local flexibility is provided and there can be savings achieved at one end of the system, that those resources could be transferred to child care?

Ms. SHEPARD. I do. Administratively, our local program is very cost effective compared to the State program because we can make it a very simple system and throughout our States, many of the counties are very different. Montgomery County is different than some of our rural counties. So if there is more flexibility in the locality running it administratively, it saves you a lot of money. So I do agree with that.

Mr. ENGLISH. Thank you. My time has expired.

Mr. McCrery will inquire.

Mr. MCCRERY. Thank you for coming and sharing your views and your experience.

Dr. Besharov, let me start with you, a simple question perhaps. Do you think we should spend more money from the Federal level on child care?

Mr. **BESHAROV**. As I said, and I think as Mr. Miller said, I think that is an issue that is caught up in the larger Federal budgetary question. I would like to see more money spent on tax cuts, I would like to see more money spent on the military and so forth. I have a long list. I just don't know where you get the money. Someone once told me, well, you can tax the people in Moscow. As far as I can tell, they don't have any money anymore either.

My answer is, I don't know where the money is, so for me it is an irrelevant question. I thought that the question that Mr. English asked was a powerful response to your question which is, if in these block grants the States are given some incentive to create savings in one area and use them someplace else, that will be a major step forward.

Right now Federal funding encourages States to spend and to find ways to bring in Federal dollars. If you succeed in creating an incentive structure that says, here is the money; use it as wisely as you can and if you have any left over, use it for other human needs, you will have succeeded, I think, far beyond the expectations of many of the people in this room and in this country.

Mr. **MCCRERY**. That is a good answer. As with other things, we all like to spend more money on some things. Sometimes we just can't so we have to make do with what we have. I think that is the objective of this committee, trying to maximize the benefits of the dollars that we do spend.

And it seems to me that the approach that you have suggested and that we are exploring—of breaking the strings that go with so much of the money that goes down to the States will allow the States more flexibility to use Federal dollars in a way that best suits their particular population and their particular needs. As much as we might think that we in Washington are the wisest people in America, we can't know everything about every locale in the United States. As too often happens, we try to fit one shoe on the many, many feet around this country and it just doesn't fit many times, most of the time.

Ms. Blank, I appreciate the work you do. I know that you are concerned about child care and making sure that we have adequate child care and child care that is up to some standard that we would all agree is acceptable. However, hasn't there been a tremendous increase in the last few years in the private sector of available slots for child care?

Ms. **BLANK**. Do you mean—the private sector in terms of supporting child care has actually slackened off some.

Mr. **MCCRERY**. I am talking about the availability of child care in the private sector.

Ms. **BLANK**. The availability of for-profit child care slots or——

Mr. **MCCRERY**. Yes.

Ms. **BLANK**. It depends on what communities you live in. There was a study done by the Illinois Department of Public Aid that found this tremendous shortage of child care providers in the inner city. For-profit providers are an important part of our child care market. They provide over 50 percent of the center-based care and with the Child Care and Development Block Grants, many have started to serve low-income children.

But unfortunately many for-profit providers, if they are starting a new program, do better to go into a middle-class community because they know that middle-class parents can pay the cost of care. When chains locate, they look at what neighborhood makes most sense.

The other thing that would help for-profits is that if they had an equal chance of participating in the Child and Adult Care Food Program. There is some convoluted law that makes it difficult for them to receive the support to provide nutrition meals even if they serve poor children and that would help them provide more care.

Mr. **McCRERY**. Mr. Chairman, there are different situations, different needs, and different localities and we should resist the temptation to try to impose a solution on every locale. The spaces available in child care centers across the Nation have increased from about 150,000 in 1965 to over 2 million today. That is a tremendous increase and it shows that there is a lot of work going on in the private sector to try to fill this need that we have in the country.

Chairman **CUNNINGHAM** [presiding]. Thank you.

The gentlelady from Hawaii, Mrs. Mink.

Mrs. **MINK**. Mr. Chairman, I am very much concerned about this whole question of child care and the needs that families face irrespective of whether they have welfare status or whether they are part of the working poor in the country. And I think that this is one of the issues that has been really neglected in terms of facing up to what we say. Our rhetoric simply does not match our actions.

We talk about the commitment to family and yet in so many cases we see that the resources are not there to support the families who are out there working trying to make ends meet, and without support in terms of child care find themselves moving onto the welfare rolls because they simply can't exist.

We are now embarking on a new area where we want to do something with the welfare system and embrace the whole idea that families on welfare must work and that we are going to provide training and all the rest of it. The missing ingredient is an emphasis on child care which has to go along with any program that we devise with respect to welfare families.

So I am intrigued by both the testimony of Ms. Shepherd and Ms. Blank with respect to the situation which has arisen, as I understand, from Deborah's testimony that where several years ago your county was able to help each family that asked for help, now you have a waiting list of 1,400 families.

In Ms. Blank's testimony on page 3, you describe a situation in the States, naming 15 States that use the Child Care Block Grant which was intended to help low-income families. Now the funds are being used for welfare-related child care needs. So if we move to the block grant idea, which we are discussing, and which is really at the forefront of all of the discussions, how do you—what do you feel has to be done in terms of formulating the legislation on block grants to make sure that there is a fair allocation of funds to both the working families that are poor and the families that are struggling to come out of welfare that we are now putting emphasis on in terms of trying to get them job opportunities?

Ms. **Shepard**. I think we need to make sure that we are offering incentives to families to come off AFDC and right now that we stop offering disincentives to working parents, because that is what is happening. Because we are running out of money and the money is used for AFDC families, working poor families are opting for AFDC. That is their only option. Or leave children in unsafe situations.

So when you write the legislation, you need incentives for AFDC families and you need to get the disincentives out for the working poor. We hear families say I was offered a raise; I couldn't take it, because they are going to lose their child care. So we need to be really careful about legislation.

Ms. **Blank**. I agree; you could start to do set-asides for different populations that would counter your desire to give the States more flexibility to figure out which populations they help.

I guess we could consider guaranteeing child care to all working families if we think that work pays and it keeps families off welfare and it helps them pay taxes, and avoid dependence not only on welfare but on medical assistance and housing, whatever. It would be a bargain if the child care legislation guaranteed child care to all working poor families whether they were on welfare or not that was minimally safe and decent. We might go a long way.

Chairman **Cunningham**. Mr. Payne of New Jersey and then Mrs. Kennelly. Then we will move to the next panel.

Mr. **Payne of New Jersey**. Thank you very much. I will be brief.

Let me welcome Karen Highsmith from New Jersey, a former student of mine when I was a schoolteacher, and I am very proud to see a Newark resident struggle and work her way through college and finally become a successful State official. I continually try to have a quest for truth. We consider ourselves the truth squad in the Congress.

Let me for the record for the Chairman set the record straight as it relates to so-called fraud from New Jersey and New York. It was alleged at a previous meeting that 30 percent of New Jersey residents were collecting welfare in New York. I want to just correct it, because we went to the electronic data process system—we are on a new information highway, so we can get accurate information.

Chairman **Cunningham**. Would the gentleman yield? The Governor from New Jersey said; it is not the whole population. It is those that were tested—30 percent of those tested were drawing AFDC from New York, and that was a direct statement from the Governor.

Mr. **Payne of New Jersey**. I saw the Governor yesterday. She didn't mention that. Let me give you the facts here. I will have it submitted for the record.

Out of 30,000 families, there were 425 people or 1.42 percent of the caseload in Essex County, which has the majority of the caseload in the entire State. We even went so far as to compute the dollar amount, 0.1429 percent of the dollar amount of what was spent on the overall program.

The only reason I continually harp on this issue is because when misinformation is dispensed at an official hearing, it does a big disservice. We know there is fraud and abuse. We find that in all kinds of systems. The override on a plane called a C–17 is about twice the amount as the B–2 bomber and there is probably fraud and mismanagement in that.

We had Congresspeople at the bank here that were fooling around with checks. A couple went to jail. So we will get the whole question about fraud and bad people and wrongdoings straight, but I get sick and tied of hearing the whipping boys whipping on people who are those who are most in need, those who cannot defend themselves and I could see you could be a percentage point off or two.

When I used to test Karen, I used to say a little wrong, OK, but not a lot wrong. But 30 percent as opposed to 1.4 percent, there is no correlation. I will ask the Governor to give me her quote of 30 percent of New Jersey welfare recipients—it is physically impossible. It doesn't even make sense to repeat it because it is physically—we have 7.5 million people in New Jersey. It does not make sense.

I would like to put this in the record and hope that we can get it corrected so that we could stop having the misinformation continue, because if we are going to make public policy on this information, if you start out wrong, you will never get it right.

Thank you very much.

Chairman CUNNINGHAM. I would say to the gentleman, Ms. Whitman also said because we mentioned the illegal immigration problem in California, Arizona, Texas and the border States, she said one of the biggest problems in New Jersey was illegal immigration on AFDC as well as that.

The gentleman is right; third generation welfare recipients is wrong. Time after time relying on the welfare system is wrong and that is what we are trying to eliminate. There are people who need welfare and we have no problems supporting that, but we want to give them incentives to get off and put a timeline of 2 years and then they are off. If we do that, there will be a big difference in opinion on whether they are going to end up on welfare or not.

Mrs. Kennelly.

Mrs. KENNELLY. I have read the testimony. I want to make sure that it is on the record; the current child care block grant has minimum health and safety standards, I understand, in its present form. We are talking about putting 1.5 million children into the child care world by the year 2001 with the Personal Responsibility Act.

I would like Ms. Blank with her experience to reiterate what we should be very cautious about in the new block grants, especially regarding standards. Are the ones we have in the current system, would you find them acceptable or could you tell us where we might get some guidance and be careful that these are workable standards?

Ms. BLANK. You know, they actually are workable. I think it is absolutely essential that they be maintained, that there be a floor given what you talked about, given the fact that so many children could be entering child care with scarce resources.

Mrs. KENNELLY. What we have now, could that be an acceptable floor?

Ms. Blank. I think it is an acceptable floor. It says no provider who is not a relative—we assume that grandparents, aunts and uncles know what they are doing when they care for their young children; that no provider should receive funds unless the facility is minimally healthy and safe, there is some attention paid to training and health needs of children including immunizations, States should be requiring children not go into group care without being immunized, and that parents have the right to drop in at any time.

You are assuring that the States pay attention to whether the provider is capable of caring for groups of children, that the facility has poisonous substances out of reach of children, and that children's health needs are being looked at.

Of course it would be great to have more detail. These standards were worked out through much compromise with the Bush administration and Members of both sides and they allow States to take different approaches. Wisconsin and Texas have requirements that are more complicated than other States, which may just use a checklist. Some States visit providers, some don't.

You could go further and say they must all visit. That needs to be worked out in terms of how much direction you have to give to States. But the bottom line is, you can't back off from the minimal accountability that is there because the temptation will be too great not to look very carefully as to where these children are.

Mr. Besharov. I just want to emphasize something that Helen, I think, was suggesting. In the last go-around, there was much interest in even more detailed standards. I think what Helen was saying is consistent with my impression, there is no taste out there for substantially higher Federal standards.

The argument is whether the ones we have now should be reduced or kept. There aren't very many people out there now who are saying we desperately need higher Federal standards. We have the high watermark of where we are and I think that is——

Ms. Blank. I wouldn't call them the high watermark. They are protections to ensure that children when they are in child care don't put their finger in an open plug and in some States it doesn't work so hot.

Mr. Besharov. I don't think that there is a strong feeling that the Federal Government should be imposing more standards at this stage.

Mrs. Kennelly. And I think we can agree we certainly shouldn't go lower?

Mr. Besharov. There are too many details for me to be able to answer that question in this forum.

Chairman Cunningham. I thank the panel. We have a lot of preconceived ideas and quite often the testimony by panelists in both sides of the issue gives us a lot of insight and I want to thank the panel members. We will go to the third panel and we thank you for your testimony.

Chairman Shaw. I now invite the third and final panel to come to the witness table.

We do have an opening statement from the Human Resources Subcommittee of Ways and Means that will be delivered by Mr. Ensign.

Mr. Ensign. Thank you, Mr. Chairman.

As we turn now to the child welfare portion of this hearing, we abruptly shift our attention from providing government help to working parents who want to care for their children to providing protection to children whose parents abuse or neglect. In child care, Republicans want to maximize the ability of parents to make their own decisions about what is best for the children.

But in the case of abuse and neglect, so far, from being able to trust parents to do best by their children, we must confront the fact that some parents cannot even be trusted not to inflict physical and psychic blows on their children. These children are among the least fortunate members of our society. Republicans working cooperatively with State and local officials intend to protect them.

House Republicans have a long history of concern about abused and neglected children. Our proposals have been based on a diagnosis that the present system is sick because it suffers from two diseases—too many categorical programs and too many Federal rules, regulations and guidelines.

Consider categorical programs first. In its sincere desire to help vulnerable children and their families, the Federal Government has created a labyrinth of more than 25 overlapping categorical programs so complicated that States, counties, and cities are denied the flexibility they need to spend Federal dollars where they will do the most good.

To take one example, while States have been in desperate need of the money for services since the early eighties, the Federal Government has provided them with open-ended entitlement money for administration. So as money for administration rose from a little over $100 million in the early eighties to the astounding sum of $1.5 billion today, States still tell us they continue to be starved for service money. What a surprise. Give bureaucrats an open-ended entitlement for administration and they increase spending more than tenfold in a decade.

The second problem with Federal policy is that in our zeal to protect children, we have created a blob of bureaucratic requirements so heavy and cumbersome that one witness told our subcommittee last year that social workers spend 80 percent of their time filling out forms.

I have here a box of regulations for child welfare programs. These regulations weigh 18.75 pounds. In the field of child protection, as it is in so many others, an ounce of prevention may be worth a pound of cure, but can anyone measure the barriers imposed on both prevention and cure by nearly 20 pounds of regulation?

The current maze of regulations is a hopeless failure, but more to the point, they do not protect the children they were designed to protect. I invite any of our witnesses today to comment on whether they believe the current Federal system of rules on child protection actually works. Republicans are now proposing, as they have for several years, to directly attack these two flaws.

First, we intend to end more than 20 categorical programs, put most of the money from these programs into a block grant and then give States dramatic flexibility in spending the money. If States think an ounce of prevention is worth a pound of cure, they can focus resources on prevention. If States think they can keep troubled families together by providing services, they can focus their money on services for families. In short, States and localities will be free to spend Federal money where they think it will do the most good. In the case of child protections, we again plan to revolutionize the present system.

First, we are going to put this box of Federal regulations where it belongs, in the dustbin of history. We have every intention of ending the second. We are going to establish a straightforward set of child protection goals and standards that States and localities should strive to meet.

Third, we are going to require that States and localities establish citizen review boards that must meet at least twice each year to review how each social service department has handled specific indications of child abuse and neglect. These boards, by making their findings and recommendations public, will bring badly needed sunlight to the obscure system of protecting abused and neglected children.

Fourth, we are going to collect State and national data to give us a clear picture for the first time of how many children are removed from their families, how long they stay in foster care, and how many families receive services and several other important child welfare issues.

We look forward to hearing today's testimony about problems with the current welfare system and about the new proposals we are about to send on a legislative journey that we hope will end with a Presidential signature sometime this summer.

Thank you, Mr. Chairman.

[The prepared statement follows:]

Opening Remarks by Mr. Ensign
Joint Hearing on Child Care and Child Welfare
February 3, 1995

As we turn now to the child welfare portion of this hearing, we abruptly shift our attention from providing government help to working parents who want good care for their children to providing protection to children whose parents abuse or neglect them. In child care, Republicans want to maximize the ability of parents to make their own decisions about what is best for their children. But in the case of abuse and neglect, so far from being able to trust parents to do best by their children, we must confront the fact that some parents cannot even be trusted not to inflict physical and psychic blows on their children. These children are among the least fortunate members of our society. Republicans, working cooperatively with state and local officials, intend to protect them.

House Republicans have a long history of concern about abused and neglected children. Our proposals have been based on a diagnosis that the present system is sick because it suffers from two diseases -- too many categorical programs and too many federal rules, regulations, and guidelines.

Consider categorical programs first. In its sincere desire to help vulnerable children and their troubled families, the federal government has created a labyrinth of more than 25 overlapping categorical programs so complicated that states, counties, and cities are denied the flexibility they need to spend federal dollars where they will do the most good. To take just one example, while states have been in desperate need of money for services since the early 1980s, the federal government has provided them with open-ended entitlement money for administration. So as money for administration rose from a little over $100 million in the early 1980s to the astounding sum of $1.5 billion today, states still tell us they continue to be starved for service money. What a surprise! Give bureaucrats an open-ended entitlement for administration and they increase spending more than ten-fold in a decade.

The second problem with federal policy is that in our zeal to protect children, we have created a blob of bureaucratic requirements so heavy and cumbersome that one witness told our Subcommittee last year that social workers spend 80% of their time filling out forms.

I have here a box of the regulations for child welfare programs. The regulations weigh 18.75 pounds. In the field of child protection, as in so many others, an ounce of prevention may be worth a pound of cure, but can anyone measure the barriers imposed on both prevention and cure by nearly 20 pounds of regulations?

The current maze of regulations is a hopeless failure. But more to the point, they do not protect the children they were designed to protect. I invite any of our witnesses today to comment on whether they believe the current federal system of rules on child protection works.

Republicans are now proposing, as they have for several years, to directly attack these two flaws. First, we intend to end more than 20 categorical programs, put most of the money from these programs in a block grant, and then give states dramatic flexibility in spending the money. If states think an ounce of prevention is worth a pound of cure, they can focus resources on prevention. If states think they can keep troubled families together by providing services, they can focus their money on services for families. In short, states and localities will be free to spend federal money where they think it will do the most good.

In the case of child protections, we again plan to revolutionize the present system. First, we are going to put this box of federal regulations where it belongs -- in the dustbin of history. We have every intention of ending the federal conceit that only Uncle Sam can protect kids.

Second, we are going to establish a straightforward set of child protection goals and standards that states and localities should strive to meet.

Third, we are going to require states and localities to establish citizen review boards that must meet at least twice each year to review how social service departments have handled specific cases of child abuse and neglect. These boards, by making their findings and recommendations public, will bring badly needed sunlight to the now obscure system of protecting abused and neglected children.

And fourth, we are going to collect state and national data to give us a clear picture -- for the first time -- of how many children are removed from their families, how long they stay in foster care, how many families receive services, and several other important child welfare issues.

We look forward to hearing today's testimony about problems with the current system and about the new proposals we are about to send on a legislative journey that we hope will end with a Presidential signature some time this summer.

Chairman SHAW. Thank you.

The next panel is made up of Dr. Wade Horn, director of the National Fatherhood Initiative; Dr. Carol Bevan, who is vice president for research and public policy at the National Council for Adoption; Patrick Murphy, who is public guardian, Cook County, Ill.; and Ruth Massinga, who is the chief executive of the Casey Family Program in Seattle, Wash.

Welcome to all of you. Your prepared statements will be made a part of the record and I invite you to proceed as you see fit beginning with Dr. Horn.

STATEMENT OF WADE F. HORN, PH.D., DIRECTOR, NATIONAL FATHERHOOD INITIATIVE

Mr. HORN. Good afternoon and thank you, Mr. Chairman. I am Wade Horn and I am the director of the National Fatherhood Initiative, an organization whose mission is to restore responsible fatherhood as a national priority. I also served as the former Commissioner for the Administration on Children, Youth and Families in the Department of Health and Human Services and was a Presidential appointee to the National Commission on Children.

Today child welfare is not just in crisis, it is at a crossroads. We have to decide whether we want to continue down the same road we are on toward more Federal regulation, more Federal oversight and more Federal micromanagement of child welfare or whether we want to change direction and allow States much more flexibility to confront the challenges that the child welfare system is currently experiencing.

I am here to argue that the most important thing we can do is to increase State flexibility so they can address the emerging problems that are causing the crisis in child welfare today. Currently there are at least two dozen different funding streams in the Department of Health and Human Services, three more in the Department of Justice, and one in the Department of Housing and Urban Development, all funding different aspects of the child welfare system.

Why should a State have to negotiate these nearly 30 different funding streams in order to develop a single comprehensive seamless system of services to protect children at risk. In his State of the Union Message, the President said that we have to learn that there is not a government program for every problem. The current system is too categorical, too burdensome and too prescriptive on State agencies. It results in far too much time and resources being diverted to satisfying Federal paperwork requirements and away from serving the needs of children. What is needed to improve the child welfare system is greater State flexibility and not more specialized funding streams.

So I recommend the following: First, that we combine many of the various child welfare discretionary and State formula grant programs spread out across HHS, Justice, and HUD, and combine them with the Independent Living Program and with the title IV–E Administrative Costs and Training Programs into one State formula grant program.

With these moneys, States and local communities could develop this comprehensive and seamless system of services to protect children, with far less of their time and resources being diverted to negotiate this labyrinth of Federal programs.

I further recommend that title IV–E Foster Care Maintenance Payments and title IV–E Adoption Assistance remain open-ended entitlements. Keeping the IV–E Foster Care Maintenance Program as an open-ended entitlement will ensure that if circumstances change, States will not be unfairly penalized financially if they need to put more children in out-of-home care.

On the other hand, if the States are able to use this more flexible funding stream to create good and effective preventative services, there may be a decreased need for out-of-home care, thereby causing a decrease in spending in title IV–E foster care and saving the taxpayers some money. I also think the title IV–E Adoption Assistance Program should remain an open-ended entitlement in order to ensure that no child is denied a loving and permanent home because of financial hardship.

I think that the Federal role under such a system should be to foster experimentation in the delivery of innovative services, to collect national data and to provide technical assistance to the States. I also recommend that oversight for child welfare services should be put much further down in the system, closer to the actual communities where these children are being served.

It is impossible for a Federal bureaucrat from often hundreds of miles away to know what kinds of resources are available in a given community in order to know whether a particular case plan is appropriate for that child or not. I am very pleased to hear that one of the things you are considering is the use of volunteer citizen foster care review boards to do just that.

In closing, I think we need to have much more flexibility at the State and local level. One of the most effective ways of achieving that is through a State block grant approach.

Thank you very much.

[The prepared statement follows:]

Statement by Wade F. Horn, Ph.D.

Director, The National Fatherhood Initiative

My name is Wade F. Horn, Ph.D. I am the Director of the National Fatherhood Initiative, an organization whose mission is to restore responsible fatherhood as a national priority. Formerly, I served as Commissioner for Children, Youth and Families within the U.S. Department of Health and Human Services, and was a presidential appointee to the National Commission on Children. I have also recently been appointed by Health and Human Services Secretary Donna Shalala to serve on the National Commission on Childhood Disability. I am very pleased to have been invited here today to discuss the need for child welfare reform.

The child welfare system is in crisis. Data reported through the Voluntary Cooperative Information System (VCIS) indicate that more than 445,000 children age 0-18 years were in foster care at the end of FY 1993, a 65% increase since 1983. The cost of foster care under Title IV-E of the Social Security Act now exceeds $3 billion annually, ***nearly ten times*** the amount expended in FY 1981. We are spending more and more money on child welfare, and getting less and less in return. Despite ever increasing money spent on child welfare, statistics from the National Center for Child Abuse and Neglect indicate that in 1991 there were a total of 992,600 substantiated cases of child abuse or neglect, an all time high.

But the child welfare system is not only in crisis, it is also at a crossroads. We must decide whether the solution to today's child welfare crisis is to continue down the road we are on toward more federal oversight, more federal regulation, and more federal micromanagement of the child welfare system, or to change directions and allow greater state flexibility and experimentation. I am here to argue that one of the most important reasons why the current system is in crisis is because of too much federal micromanagement of the states and too little flexibility at the state and local level.

Today is not the first time that a crisis in the child welfare system has made reform necessary. In the 1970's, the system was overburdened with an estimated 500,000 children in foster care. At that time, few states had adequate systems in place for ensuring quick resolution of foster care episodes, through either reunification or placement for adoption. Some states and local agencies could not even readily determine the location of a child once that child was placed in foster care. The result was hundreds of thousands of children in "foster care drift," bouncing from one foster care home to another with no agreed upon long term plan or strategy for resolving the concerns facing children in out-of-home care.

This dire situation changed dramatically with the implementation of the Child Welfare Amendments of 1980 (P.L. 96-272). This law required states to implement a number of reforms, including a requirement to conduct an inventory of all children in foster care, the implementation of a statewide tracking and information system, and the development of a case review system with an emphasis on permanency placement. The Adoption Assistance and Child Welfare Act of 1980 also created title IV-E, thereby linking child welfare services available through title IV-B with the AFDC foster care program.

States were required by PL 96-272 to self-certify that certain administrative reforms had taken place, and then submit to periodic reviews by the federal government to ensure that these reforms, as well as additional protections specified in the law, were in place for children in out-of-home care. The incentive for states to comply with the law was the inclusion of additional Title IV-B payments if these reforms were implemented and operating to the satisfaction of the Secretary of the U.S. Department of Health and Human Services. The provision in PL 96-272 for on-going system oversight came to be known as Section 427 reviews.

The short-term results of the reforms embodied in PL 96-272 were impressive. The length of time children spent in foster care was sharply reduced and the total number of children in out-of-home care plummeted from over 500,000 in 1977 to approximately 270,000 in 1983. Since that time, however, the number of children in foster care has been increasing, and spending on child welfare has exploded. What happened?

During the 1980's, two crises greatly challenged the capacity of the child welfare system to protect children. First, beginning in the mid-1980's, the crack cocaine epidemic dramatically changed the type of client being served by the child welfare system. Whereas the typical foster care placement in the 1970's and early 1980's involved neglect or highly episodic, and stress related, abuse, the new crack cocaine cases frequently involved much more severe and chronic abuse resulting in longer and repeat stays in foster care. Second, the 1980's saw an acceleration of the trend toward fatherless households. Given evidence that abuse is up to ***forty times more likely*** to occur when the biological father is not living in the home[1], the trend toward increasing father absence greatly increased the number of children interacting with the child welfare system.

The federal government should have been in the forefront encouraging states to respond innovatively to these new challenges. Instead, the rigidity of PL 96-272 necessitated that states spend valuable resources and time trying to negotiate cumbersome rules and regulations in order to maximize federal reimbursement under the Title IV-E administrative costs program, and to submit to burdensome paper reviews required under Section 427. In addition, federal attempts to reform the system have mostly gone in the wrong direction. Instead of increasing flexibility and encouraging experimentation, recent reforms have actually ***increased*** the rigidity and categorical nature of federal funding streams.

A case in point is the relatively recent passage of legislation to provide funds for family preservation services. Although some advocates of family preservation services claim that out-of-home placement is prevented for as many as 90% of children served, the few experimental evaluations of family preservation services to date have not shown substantially lower rates of placement in foster care 4-6 months after the termination of family preservation services. In addition, according to Toshio Tatara of the American Public Welfare Association, the dramatic increase in children in foster care placements is not due to an increase in the rate at which children are entering foster care, but rather to a significant decline in the rate at which children are ***exiting*** foster care[2]. Despite the absence of empirical evidence attesting to its effectiveness, advocates for family preservation services were successful in persuading Congress to legislate a new funding stream which can be utilized ***only*** for family preservation and support services. Consequently, whether or not such services are effective or best meet the needs of a particular community, states are now required to use a substantial portion of federal funds to provide family preservation services.

This example of a separate funding stream for family preservation and support services is only the tip of the iceberg. There are at least two dozen different federal funding streams within the U.S. Department of Health and Human Services, three others within the U.S. Department of Justice, and one within the U.S. Department of Housing and Urban Development, all funding different parts of the child welfare system. Why should a state have to negotiate these 28 different funding streams in order to set up a single, comprehensive, and seamless system of child welfare services? Clearly, federal support for child welfare services has become far too categorical and inflexible, with the result that states must divert precious resources away from serving the needs of children in order to negotiate this labyrinth of federal programs and funding mechanisms.

Another problem with the current system is that the legislatively imposed oversight requirements of Section 427 are not working for at least two reasons:

First, the protections mandated in PL 96-272 are highly subjective and difficult to operationalize. For example, one of the case plan requirements is that a child be placed "in close proximity to the parents' home." What does close proximity mean? Does it mean the

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[1] Martin Daly and Margo I. Wilson, "Child Abuse and Other Risks of Not Living With Both Parents," *Ethology and Sociobiology*, 6 (1987): 197-209.

[2] Tatara, T. U.S. Child Care Flow Data For FY 92 and Current Trends in the State Child Substitute Care Populations, *VCIS Research Notes*, no. 9 (August, 1993)

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same thing in New York City as in Utah? What if it was not appropriate, in a particular case, to place a child in close proximity to his or her parents. What should one do then? Lacking clear definitions and unambiguous requirements, states are often forced to "guess" at the documentation required to pass a Section 427 review.

Second, many of the protections under Section 427 are highly dependent upon an intimate understanding of the individual case. How would a bureaucrat from Washington, D.C., truly be able to have an opinion as to the "appropriateness of services being provided" to a particular family in rural Kansas or urban Hartford? A much more rational and defensible system of oversight would be locally-based, for a local reviewer is in a far better position to understand local conditions and circumstances than a one or two week visitor from Washington, D.C., or from a regional office often hundreds of miles away. Lacking this intimate knowledge of local conditions and circumstances, the Section 427 reviews have become paper exercises, unable to address the complexities and nuances of the individual case.

What is needed to improve the child welfare system is greater state flexibility, not more specialized funding streams. The current system is simply too categorical, burdensome, and prescriptive on State agencies, resulting in much time and resources being diverted to satisfying federal paper requirements and away from serving the needs of children.

Specifically, I recommend that the various child welfare discretionary and state formula grant programs currently administered by HHS, the Department of Justice, and HUD, be combined with the Independent Living program and the Title IV-E Administrative Costs and Training Programs, to form one state formula block grant program. States and localities could then use these funds to build a truly seamless system of comprehensive supports for families without having to satisfy the idiosyncratic and sometimes conflicting requirements of dozens of federal programs. The role of the Federal government would be to foster experimentation in the delivery of innovative services, collect national data, and provide technical assistance in evaluating the impact of innovative services.

I further recommend that the Title IV-E Foster Care Maintenance Payments and Adoption Assistance Programs remain open-ended entitlements. Keeping the Title IV-E Foster Care Maintenance Payments Program as an open-ended entitlement will ensure that states are not unfairly penalized financially should changing conditions warrant greater use of out-of-home care. And should the greater flexibility afforded the states through the block grant result in more effective preventative services, federal expenditures on foster care might actually decrease, saving the taxpayer money. Allowing the Title IV-E Adoption Assistance Program to continue as an open-ended entitlement would help to ensure that no child is denied the opportunity of a permanent, loving home because of financial hardship.

Finally, I recommend that oversight of the child welfare system -- excluding fiscal accounting and oversight of Title IV-E maintenance payments -- be devolved to the States. This would mean a transfer of responsibility from the federal government to the States, with appropriate assurances that such oversight is independent of the child welfare agency administering the program, for ensuring a well-functioning, comprehensive child welfare system.

One possibility for ensuring effective state and local oversight of the child welfare system is to make greater use of citizen foster care review boards. According to the National Association of Foster Care Reviewers, citizen review boards are generally created by state statute, staffed by volunteers, and required to make case plan recommendations and maintain ongoing oversight of case planning for children and families in the public child protection system. Because the reviewer is a volunteer with no vested interest in the child welfare system, he or she can instead concentrate on the welfare of children. A recent study in Douglas County, Kansas, demonstrated that the use of citizen foster care reviewers resulted in significant reductions in judicial and administrative delays, speedier implementation of permanency plans, and, most dramatically, a significant reduction in time spent in out-of-home placement[3].

I am not suggesting that the federal government has no role to play in child welfare. Indeed, it was largely due to federal efforts that major positive reforms were instituted in the early 1980's. However, emboldened by initial success, the federal government apparently came to believe that it was the site of ***all*** wisdom, and over the past decade has imposed ever increasing and unnecessary burdens on state agencies. It is time for the federal government to get out of the business of micromanaging state child welfare budgets and services. The most effective way of accomplishing this is through the use of a state block grant approach.

In closing, I would like to add this cautionary note. It is important that we avoid the trap that many in the past have fallen into and conclude that legislative action is the most important thing we can do to improve the well-being of children. While greater state flexibility will enable local communities to develop better and more efficient child welfare services, at the same time we must address the cultural issues which have created the need for such services in the first place.

Chief among these cultural issues is the increasing trend toward fatherlessness. In 1960, about 5% of all births were out-of-wedlock. That number increased to 10.7% in 1970, 18.4% in 1980, and over 30% today. Over the same time period, the divorce rate has nearly tripled, so that today over a million children each year find themselves living in a one-parent home as a result of separation or divorce. By some estimates, the percentage of children born in the 1990's who will live a significant portion of their lives in a father absent home is upwards of 60 percent[4].

While the link between father absence and welfare dependency is obvious to many (indeed, 94% of the AFDC caseload is single parent families[5]), less widely acknowledged -- yet equally compelling -- is the link between fatherlessness and child abuse. A recent study of over 52,000 abuse children revealed that whereas 28 percent of abused children lived with both biological parents (vs. 68 percent in the nation as a whole), 44 percent lived with only their biological mother (vs. 25 percent nationally), nearly 5 percent lived only with their biological father (vs. 3 percent nationally), and almost 18 percent lived in stepfamilies (vs. 9 percent nationally)[6]. Simply put, children living apart from both biological parents are at substantially higher risk for becoming victims of child abuse and neglect than children living with both their mother and their father[7].

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[3] Study by Mary Ann Jennings, MSW, and Thomas P. McDonald, Ph.D., of the University of Kansas School of Social Welfare, as cited in *The Review*, volume 8, no. 2 (Summer, 1994)

[4] Frank F. Furstenberg, Jr., and Andrew J. Cherlin, *Divided Families: What Happens to Children When Parents Part* (Cambridge, MA: Harvard University Press, 1991)

[5] House of Representatives, Committee on Ways and Means. *1993 Green Book* (Washington, DC: U.S. Government Printing Office, 1993)

[6] Catherine M. Malkin and Michael E. Lamb, "Child Maltreatment: A Test of Sociobiological Theory," *Journal of Comparative Family Studies*, 25 (1994): 121-130

[7] see also: U.S. Department of Health and Human Services, National Center for Health Statistics, *National Health Interview Survey* (Hyattsville, MD, 1988; U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, *Child Sexual Abuse Victims and Their Treatment*, by Beverly Gomes-Schwartz, Jonathan Horowitz and Albert P. Cardarelli (Washington, D.C.: Government Printing Office, 1988); Margo I. Wilson and Martin Daly, "Risk of Maltreatment of Children Living with Stepparents," in Richard J. Gelles and Jane B. Lancaster, *Child Abuse and Neglect: Biosocial Dimensions* (New York: Aldine de Gruyter, 1987): 215-232

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If we are ever to reverse the rising number of children in need of child welfare services, we must stem the tide toward fatherlessness. A block grant approach can be an effective mechanism for helping states and local communities set up a single, comprehensive, and seamless system of child welfare services. But even the most efficient block grant program will result in little improvement in the well-being of children if we do not simultaneously work to change the culture of fatherlessness; for as former HHS Secretary Louis W. Sullivan has often said, the best Department of Health and Human Services is a well-functioning family, and a well-functioning family includes a father. It is imperative, therefore, that as we work toward the implementation of a child welfare block grant, let us also resolve to work toward the day when once again, almost every child in America will live with both a committed and responsible mother *and* a committed and responsible father.

Thank you.

STATEMENT OF CAROL "CASSIE" STATUTO BEVAN, PH.D., VICE PRESIDENT FOR RESEARCH AND PUBLIC POLICY, NATIONAL COUNCIL FOR ADOPTION

Ms. BEVAN. Thank you. My name is Cassie Statuto Bevan. I am vice president of the National Council for Adoption. Seated behind me is Bill Pierce, president of the National Council for Adoption. We represent 130 nonprofit agencies across the country.

Children are dying as a result of the Federal law designed to protect them. There is no doubt that there are risks involved with block granting child welfare services. However, the Federal Government effort so far at monitoring what the States are doing has been a failure. Congressional oversight has been a failure.

I strongly believe that placing responsibility for a child's death on a particular State agency by the citizens of that State will send a clearer signal for reform than currently exists. Washington officials don't feel the same responsibility for the children who are suffering, these children who don't have faces, but the faces of children that jump out of local newspapers will haunt the townspeople into pressing reforms.

It is clear from reviewing available research that we must pursue experimentation with different service approaches. It is my belief that this experimentation is best done at the State level, shaped and molded by community standards. However, I believe that as long as the Federal Government is going to raise the revenue, then it has a responsibility to the taxpayers of this country to ensure that this money is spent wisely at the State level and that it will improve the lives of children.

The child protection safeguard that should accompany the money should include reforms that this Congress has made; for example, requiring that State agencies meet the same licensing and regulatory standards that they establish for private child welfare agencies, better use of private sector. I have a list of recommendations in my written testimony.

I was concerned this morning about the administration's testimony when it called for a "new vision." However the vision that was brought before this committee was not the "new vision"; it was a 14-year-old old vision. What it said, and I will read from the testimony of Secretary Bane, it said that there existed a "continuum of child welfare services, from early prevention to foster care, reunification and adoption." That concerns me because it is not a continuum of services that exists but it is a hierarchy of services.

Each service has to be tried and failed before you move on to what is always viewed as a last resort, long-term care or adoption. Adoption is clearly, when you review the research, in the child's best interest. There is no reason why adoption is the last resort in terms of providing services. It should be for some children clearly the first resort; not the last. Clearly, no new vision currently presented before this committee.

The child protection system must recognize adoption as a remedy in the best interest of children. Financial, social, and legal barriers to adoption must be removed to allow more children the benefits of adoption. Transracial adoption should be promoted when a same-race adoption is not immediately available. Senator Metzenbaum's bill that was passed does not promote transracial adoption. It sends a signal to the States, as long as you play by these rules, go ahead and race match. That will keep more kids in foster care, keep more kids in limbo.

The Interethnic Placement Act that is in the Contract is something we support and I hope you pass. The Adoption Assistance Act should remain an open-ended entitlement because a subsidy can make a difference. I would argue for a uniform definition of special needs to help potentially eligible children to receive the same benefits of adoption.

Protecting children in the foster care system entails promoting policies that are consistent with basic child development principles. This means allowing children not to grow up in foster care but allows for expedited adoption procedures and other permanent arrangements so that the children will have a place to call home.

This means developing risk assessment measures that will assist in making more meaningful interventions so that more children's lives are not placed on the line deciding how much risk is involved in either removing a child or reuniting the child. This does not mean having less services, but more service options with more flexibility to pursue those options. This means abandoning the treatment service hierarchy that exists and that was talked about this morning.

A new paradigm is needed in child welfare, and that is that child protection must be the top priority of the system. It is time to evaluate family reunification policies on measures of child well-being and not on well-intentioned but misguided interpretations of the value of the family.

[The prepared statement and attachments follow:]

TESTIMONY OF CAROL "CASSIE" STATUTO BEVAN
NATIONAL COUNCIL FOR ADOPTION

Chairman Shaw, Chairman Cunningham, and members of the Subcommittee on Human Resources, Committee on Ways and Means and the Subcommittee on Early Childhood, Youth and Families, Committee on Education and Economic Opportunities, my name is Carol "Cassie" Statuto Bevan and I am the Vice President for Research and Public Policy for the National Council For Adoption. I am very pleased to be invited here today to testify on the need for a new paradigm in the conception and delivery of child welfare services in our country.

The National Council For Adoption was established in 1980. Today it represents 130 private, non-profit agencies across the United States as well as several thousand individual members -- those who have been adopted, people who have placed children for adoption, adoptive parents, and professionals who are concerned about children. We are a non-sectarian and non-partisan organization, with our headquarters here in Washington, D.C. and formal affiliates in Texas, Pennsylvania and New Jersey and informal state affiliates in many other locations.

I have been with The National Council For Adoption (NCFA) since 1993, after leaving the House Select Committee on Children, Youth and Families. I was recently appointed by Congress to serve as a Commissioner on the U.S. Commission for Child and Family Welfare. I received my doctorate in child development at Columbia University and completed a post-doctoral fellowship at the Bush Program in Child Development and Social Policy at the University of Michigan. I came to Washington as a Congressional Science Fellow under the auspices of the American Association for the Advancement of Science and the Society for Research in Child Development.

NCFA is pleased that the 104th Congress, through the work of your two Subcommittees, will be examining the current paradigm in child welfare. We are convinced that there is a need to reform the current child welfare system that fails to protect children.

I would like you to consider several important issues as they relate to the proposed Child Welfare Block Grant: (l) A brief examination of the different prevailing beliefs about child welfare, that resulting in the pursuit of varied policies; (2) A look at the result of these different policies on children, and: (3) A description of some principles and standards that must accompany the flow of federal money (in whatever form) to the states.

First, one should examine the different and prevailing beliefs about child welfare that have resulted in the pursuit of varied polices. Child welfare policies in the 1970's viewed substitute care for abused and neglected children as the appropriate public policy response. Foster care was seen as the best way to "save" these children and keep them from harm. State public child welfare systems were overburdened, with estimates as high as half a million children in out of home care. There were no plans for rehabilitating the family and returning the child nor plans to pursue termination of parental rights and adoption thus ensuring the child permanence. The result was that hundred of thousands of children had no place to call home and bounced from one temporary foster home to another. Multiple placements had a deleterious effect on children and Congressional attention was focused on what was being called "foster care drift."

The Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272) was established in response to the problem of foster care drift. The "de-institutionalization" movement that held that children were more likely to thrive in settings (so called "least restrictive environment") that replicated the family led to policies that pushed for smaller foster care families over group homes or larger institutions. But the deepest held conviction of P. L. 96-272 was that children do better with their parents and that these families can be 'saved', they can be 'fixed' by social service intervention. Underlying this conviction was the belief that the strongest ties that bind children to families are biological ties. Foster care was no longer viewed as an appropriate child welfare response that would 'save' children from harm; foster care was seen as bad for children. Adoption was viewed as the alternative of last resort, when 'reasonable efforts' to maintain or reunite the family failed.

P.L. 96-272 established legal and administrative safeguards for children and provided for a continuum of social service interventions designed to prevent the unnecessary separation of children from their families, rehabilitate families so that they can get the children back and lastly, adoption if all else fails. While these options theoretically make sense, too often the states have interpreted the social service continuum in hierarchical terms i.e., each service has to be provided and proved to fail before the next one can be pursued. Thus, much of the focus in child welfare is on the delivery of services to the families or so called 'family preservation services' to the exclusion of other service options.

In OBRA 1993, Congress appropriated $1 billion dollars over five years to states for the development of family preservation programs. The Family Preservation models (and I have knowledge of 14 different approaches) are intended to avert the threatened placement and reduce the risk of further harm to the child and family by the provision of an intensive basket of short term services (on average about six weeks). An assumption that is central to the Family Preservation paradigm is that all families can be 'fixed', that deep down parents really do love their children and that all parents have the capacity for adequate, non-abusive parenting. (Rossi, 1991) This fails to take into consideration the varied capacities and differing resources that makes individual families unique. But most of all, it fails to take into account the differences among families in terms of motivation to change maladaptive behavior.

A major evaluation study of the Families First program in Illinois found that the provision of these 'services do not appear to have had a significant effect on the likelihood of further harm to children or placement in substitute care.' (Schuerman et. al., 1994, p. 229) Furthermore, the authors write 'Our approach here must recognize that there is little evidence that many of the programs currently being tried have more than minimal effects.' (Schuerman et.al., 1994, p. 246)

Let us turn now to the second issue and ask what are the effects of the different placement options on children? A brief overview of the measurable developmental outcomes for children who are returned home after foster care placement shows that these children score consistently lower on measures of health, educational and social growth. (Barth and Berry, 1987) In a study by Fanshel and Shinn, children who were returned home failed to test as high on IQ scales as those who remained in foster care over a five year period. (Fanshel and Shinn, 1979) Reidy found no evidence that reunification resulted in any better developmental outcomes for the children in his sample. (Reidy, 1977) Lahti, et. al. found that children returned home did not score as high on adjustment measures as did children in out of home placements. (Lahti et. al.,1978)

In Michael Wald's study comparing children given services in foster care with children given services at home, those served at home received worse physical care, had lower school attendance and inferior achievement scores. (Wald, et. al., 1985) The findings of this study led Wald and his Stanford colleagues to conclude: 'Unless interventions significantly improve parental functioning, children left at home remain at substantial risk.' (Wald, et. al., p. 152)

In short, children appear to have the least favorable developmental outcomes when they are returned home. The research on the outcomes for children returned home logically should lead policymakers to re-think the priority this option maintains in the child welfare services hierarchy. Given the severity of the problems that families in the 90's are experiencing, it is perhaps time to recognize that some problems are intractable or that at the present time social scientists do not know what will work to both keep the family together and keep the child free from harm at the same time.

The belief that foster care is bad for children is central to both the family reunification and family preservation paradigms. In the words of the University of Chicago researchers: "As family preservation programs have expanded, foster care has become demonized." (Schuerman et. al., p. 248) It is time to put this notion to rest by examining the research on the effects of foster care on children.

In a review and synthesis of twenty-seven foster care studies conducted over the past thirty years McDonald et. al. wrote: "Contrary to current thinking, children in foster care for longer times do better than those returned to their biological homes after a short time." (McDonald et. al., 1992)

Festinger found no differences between the outcomes for her now-adult foster care graduates in New York City and the general population on most characteristics, including arrests, self-esteem and happiness. (Festinger, 1983) Jones and Moses, in a large study of former foster care children in West Virginia, found that young adults who age out of foster care after an average of five years in the system have rates of marriage, broken marriages, incarceration, parenthood and marital satisfaction that are comparable to the general population. (Jones and Moses, 1984)

While conclusions should be cautiously drawn from these studies on foster care outcomes, it seems evident that policies based on the belief that foster care is always bad for children, particularly when compared to leaving them in the home or reuniting them with maladaptive parents, have little basis in research. Foster care can be a good alternative for children who are at risk by either remaining or returning to their biological families. It is time to put to rest the myth that all foster care is bad for children and to expose the myth that biological ties are the only real "ties that bind". A study of foster care children who had been in care at least one year and on average five years found that those children were reported by social workers to be more attached to their foster homes than to their birth homes. (Fanshel, 1982)

Foster care was never meant to be a permanent alternative. While foster care can provide loving families, it does not offer a child the legal security of a "forever" family. For children, who can not remain with their biological family, adoption offers the child the ingredients for healthy development -- secure and loving bonds, stability and continuity. The prevailing assumption behind the lack of enthusiasm for the "adoption option" in child welfare is the strong belief that only biologically formed families are "real". Adoption is often viewed by child welfare professionals as the "last resort". Too often it represents for these professionals a failure of repeated and prolonged interventions that have not resulted in family reunification.

In the classic work by Goldstein, Freud and Solnit entitled "Beyond the Best Interests of the Child", the case is made that children form the ties that bind by falling in love with their day-to-day caretakers. Children, we are reminded in this work, are blissfully unaware of blood ties (until later in their development) but very much aware of those who love them, feed them, comfort them, etc. (Goldstein, Freud, Solnit, 1979) It is the psychological family that needs to be preserved to prevent further harm to the child. It is

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the creation of attachment bonds, where there are none, that will make a real difference in the child's life. The adoption process can establish attachment bonds where there were none and can create a psychological family.

The success of adoption rests, of course, on the subsequent adjustment of the child. This adjustment is dependent, in part, on the child's prior history (of abuse, neglect and placement), as well as the child's age at adoption. The research on children adopted out of foster care is sparse but it shows that adjustment for these children is not traumatic.

In fact, Brodzinsky, et. al., conclude that the majority of adopted children adjust successfully. (Brodzinsky, 1984) In a study of mental health problems, Triseliotis and Russell found no differences between older adoptees and the general population. (Triseliotis and Russell, 1984)

In 1989, Search Institute launched a four year study to examine the mental health, well-being, and service needs of adoptive families with adolescents who were adopted as infants. This study, the largest adoption study ever, found that adoptive families and their teenagers are thriving. The results of the study showed the positive impact that adoption had for the youngsters sampled.

When comparing the "adoption option" to long-term foster care or residential care, the outcomes for children in adoption are the more compelling, especially in light of its place in the child welfare services hierarchy. Children placed in adoptive homes scored better on measures of family adjustment and emotional and developmental functioning than either children returned home or those in long-term foster care (Lahti, 1982). In a study that compared educational attainment in adoptive, foster and residential placements, adopted children had superior educational attainment. It is important to note that in this sample 62% of the adopted children were under the age of three years when placed. (Triseliotis and Russell, 1984)

After reviewing these studies, a picture of adoption emerges that shows the psychological, physical and educational benefits to children of adoption. This picture should lead to the conclusion that adoption should at least emerge as a competing alternative to the family reunification, family preservation, and long-term foster care models for more children, in increasingly more circumstances. It is important to underscore that this is not to argue for a reduction in treatment services to families in need. Nor is this to say that more interventions into families need to be coercive. It is to state that adoption as a service to children without loving families does benefit children and ought not be overlooked as we search for a new paradigm.

Child protection not family preservation or family reunification must be the guiding principle of any child welfare reform. Protecting children in the foster care system entails promoting policies that are consistent with basic child development principles, including the child's need to grow up in a family. Policies that adhered to the doctrine of child protection would abandon the current practice of maintaining children in abusive homes until child welfare agencies documented the lack of success at parental rehabilitation as evidenced by continued battering of the child.

The child welfare system is in crisis and it is clear from examining the available research that, again in the words of the Chicago researchers, "...we must continue to experiment with service approaches." (Schuerman et. al., p. 246) It is my belief that this experimentation is best done at the state level. However, I believe that as long as the federal government is going to raise the revenue then the federal government has a responsibility to the taxpayers of this country to ensure that the money it sends to the states for child welfare services is spent on child welfare services that will improve the lives of the children in its care. To do this the federal government must attach very strong principles, standards or mandates to the child welfare money that it sends to the states.

These standards must allow state flexibility to promote innovation and experimentation with service options but must give sufficient guidance to the states to ensure that children will be protected. This flexibility is needed to allow judges who are charged with making the determinations in these cases to be free from having their "hands tied" with federal mandates that are the standard-option and not tailored to particular child with a particular family history. This flexibility would allow child welfare services to be provided to a family based on an assessment of the family's ability to take advantage of the chance at rehabilitation and based on the family's history of taking care of the child.

There are, no doubt, risks involved in block granting child welfare services. It seems to me, having observed child welfare for twenty years, that there are no simple solutions here. The federal effort at monitoring what the states are doing in child welfare seems to everyone to be a failure. With all due respect, Congressional oversight made headlines but children continued to die even when their miserable lives were known to social service agencies. In fact, the data on child fatalities shows that 30 to 50% of the children killed by parents or caretakers were killed despite being known to child welfare officials who either left the child in the home or returned the child to the home following the family reunification paradigm. (Gelles, 1994)

I strongly believe that placing the responsibility for a child's death on a particular state agency by the citizens of that state will send a clearer signal for reform than currently exists. Washington officials don't feel the same responsibility for the children who are suffering -- these children who don't have faces. But the faces of these children that jump out of local papers will, I firmly hope, cause much needed local change. The words of James Q. Wilson, writing about welfare reform in The Wall Street Journal, make my point: "Any given state government may do no better than Washington, but the great variety of the former will make up for the deadening uniformity of the latter." (December 29, 1994)

The "federal" strings that I believe ought to be attached to money sent to the states for child welfare reform would include rigorous evaluations of the various state experiments based on child centered outcomes. Measures of child well being i.e., how the child is faring must be at the center of evaluations. The evaluations must be child centered and focus on the ability of a specific family to adequately nurture a specific child or children to adulthood rather than on so-called process variables such as attendance at a parenting class or a drug rehabilitation program. Clearly, federal grants for child services shall include regulations requiring states to define performance standards and measurements with an emphasis on outcomes for children.

The University of Chicago researchers suggested that reform "begin with an expansion of voluntary, community-based services." (Schuerman, et. al., p. 247) I believe that preference should be given to utilizing the resources of the private - and especially the voluntary, non-profit, charitable sector -- where possible, as both a complement and an alternative to public, government-operated child welfare programs. For example, if a state-run program has not found a permanent home for a child within a reasonable amount of time, the state should be encouraged to "contract out" that case in order to expedite finding the child a permanent home.

If money is going to the states in the form of a block grant, it behooves the federal government to require that state agencies meet the same licensing and regulatory standards that they establish for private child welfare agencies. This is one way to improve the quality of services that state agencies provide. And it reflects this Congress' move to apply the laws it enacts to Congress itself.

States should be required to have laws in place that minimize the financial, legal, and social barriers to adoption. Moreover, adoption procedures should be expedited in the cases of abandoned babies. Abandoned babies should be placed in pre-adoptive homes within 10 days, and termination of parental rights proceedings instituted within 30 days.

The collection of nationwide data is essential to assess the status and well-being of children (health, education, sexual or physical abuse history, etc.) States ought to collect and report data on all children in the foster care system and on legalized adoptions, including those arranged privately. This mandate to collect information should be funded by the federal government.

Children in child welfare programs are under the care of the state. It is critical that the state move expediently in making decisions about the child. Thus, a state should be required to hold a dispositional hearing within 90 days after custody of a child is taken by the state.

The research evidence is clear that "bouncing" children from one home to another results in negative child outcomes. Thus, the state should be required to adhere to the principle that for those children who cannot be cared for appropriately by their own families, and are not adoptable, a single, permanent, alternative placement is the preferred option.

States need to get the message that flexibility in how to deliver child welfare services should not be confused with lack of federal leadership. They should not get the message that "anything goes". Indeed, states need to be held accountable for the children entrusted to their care.

I would urge the Committees with jurisdiction to strongly consider creating a new child welfare paradigm. The National Council For Adoption has held two invitational meetings that resulted in recommendations for improving the child welfare system, which I am attaching to my testimony. We look forward to working closely with the Committees as the reforms in child welfare are refined. Thank you.

TO: Members of Congress

FROM: The Undersigned

RE: Current Federal Child Welfare Policies That Place Children At Risk of Further Abuse

Children are dying as result of a federal law designed to keep them from harm. This law, which recently received a one billion dollar boast, was designed as remedial legislation to end the problem of "foster care drift" whereby foster care children were removed from their biological homes and allowed to drift from placement to placement within the child welfare system with no place to call home.

The federal statute to which we refer is entitled Public Law 96-272, The Adoption Assistance and Child Welfare Act of 1980. The intended policy impact of the law, less foster care placement and more permanency, is laudable. However, in reality the law as currently practiced leaves many children at risk of reabuse and even death. The fact is that a reported thirty to forty percent of the children killed by parents or caretakers are killed after they have been identified by child welfare agencies and after "reasonable efforts" have been made to rehabilitate the abusing parents.

"Reasonable efforts" to preserve the family in cases of child abuse or neglect have never been defined by Congress. In practice this means that there is no one professional in the chain of professionals who are charged with handling these cases who feels that s/he can make the determination that enough is enough - that the efforts or services or treatments provided to the family have in fact been reasonable but the child is still in danger when in the family's custody. This grey zone represents a hole more deadly than the one that trapped Jessica McClure from Texas. You might recall the little girl who fell into a drain pipe and caught the world's attention? There are thousands of children who are caught in the drain pipe of the child welfare system - but Congress is not looking.

It is time to make child protection the top priority of the child welfare system. Child protection not family preservation or family reunification must be the guiding principle. This is not to say that services to preserve the family and/or to reunite the family ought not be offered, but to recognize that some families can not be saved. The right to parenting exists but this right is lost if the child is severely abused or neglected. It is time to acknowledge in our laws and our legal and social services systems that parenting is not an absolute right, but carries with it corresponding duties and responsibilities to children and to society, and when parents abuse, neglect or abandon their children, these parental rights may be lost. In short, it is time to examine the impact of child welfare policies with more emphasis on the risks to the well-being of children with, perhaps, less emphasis on the rights of maltreating parents.

Child protection as a doctrine must replace the doctrine of family maintenance or family reunification because experience has demonstrated that the doctrine of preserving family rights, by the very principles it embodies, subordinates the doctrine of child protection. Protecting children in the foster care system, entails promoting policies that are consistent with basic child development principles, including the child's need to grow up in a family. Policies that adhered to the doctrine of child protection would abandon the current practice of maintaining children in abusive homes until child welfare agencies documented the lack of success at parental rehabilitation as evidenced by continued battering of the child. Similarly, following the child protection paradigm, children would not have to be returned home and to be beaten before child welfare agencies seriously consider other options such as long-term foster care or adoption, as is the practice today.

Under the "child protection" paradigm, each service option would be considered on its own merit. In fact, the service options themselves would not change. The option of providing services in the home while retaining child custody as well as foster care, kinship care or long-term foster care or adoption would not be diminished. What would change is that these services would be provided to the family based on an assessment of the family's ability to take advantage of the chance at rehabilitation and based on the family's history of taking care of the child. This flexibility is needed to protect children; it would allow judges who are charged with making the determinations in these cases to be free from having their "hands tied" with federal mandates that are the standard-option and not tailored to a particular child with a particular family history.

A doctrine promoting "child protection" in child welfare services would be child-friendly and would recognize that success must be based on some measure of child well being. It is time to evaluate family reunification policies based on measures of child well-being and not on well-intentioned but misguided interpretations of "the value of family". The measures must be child-centered and focus on the ability of a specific family to adequately nurture a specific child or children to adulthood rather than relying on adult attendance records at a parenting class or even a drug rehabilitation program.

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It is time to overhaul The Federal Adoption Assistance and Child Welfare Act and to use as the overarching principle of this Act not family maintenance or family reunification but child protection so that "child welfare" becomes the measure of success. No doubt child protection policies will embrace efforts to maintain and reunite families, and rightly so. However, the price for family preservation and family reunification ought not come at the expense of the well-being of the children.

Carol Statuto Bevan, Ed.D.
William Pierce, Ph.D.
Paul Denhalter, Ph.D.
Mary Beth Style, M.S.W.
National Council For Adoption, Wash. DC
Richard Gelles, Ph.D., Dir.
Family Violence Res. Proj., Univ. of RI
Sr. Josephine Murphy, M.S.W.
St. Ann's Infant and Maternity Home
Hyattsville, Maryland
Marti Yonikus, M.S.W., Professionals
Advocating For Children, Naperville, IL
Gordon Evans, Director and Past President
Natl. Foster Parent Assn., Houston, TX
George Russ, Esq., Sellar, Sewell, Russ &
Saylor, P.A., Leesburg, FL
Mark D. Simms, M.D., Pediatrician
Milwaukee, WI
Alexandra Halpern, Foster Care and
Adoptive Mother, Chevy Chase, MD
Judge William Maddux, Supervisory
Judge/Abuse & Neglect, Cook County
Juvenile Court, Chicago, IL

Elizabeth Leonard, M.S.W., ACSW
U. of IL, School of Social Work
Urbana, IL
Edmund V. Mech, Ph.D.
U. of IL, School of Social Work
Urbana, IL
Thorwald Esbensen, Chairman
Political Action Committee
Minnesota Suburban NAACP
Jane Moore, Guardian Ad Litem
River Falls, WI
Carol Stitt, Exec. Dir., State Foster Care
Review Board, Lincoln, NE
Laura McCloskey, Ph.D., Assoc. Prof.
Dept. of Psych., U. of AZ, Tucson, AZ
Jerry Clever, D.S.W., Private Practice
Chambersburg, Pennsylvania
Robert Woodson, Sr., President
Nat'l Center for Neighborhood Enterprise
Washington, D.C.
Peggy Hansen, M.D., Professor
Dept. of Neurology & Pediatrics
Georgetown University, Washington, D.C.

Recommendations of the 1995 Hershey Conference on Child Welfare: a response to the "Contract With America"

Best Interest of the Child is Paramount

- Children should not be removed involuntarily from their caretakers by reason of poverty. (unanimous)
- While family preservation and reunification are important goals, once abuse and/or neglect has been established, protection of the child becomes paramount. (26 - yes, 1 - no, 1 - abstention)
- For those children who cannot be cared for appropriately by their own families, and are not adoptable, a single, permanent, alternative placement is the preferred option. (27 - yes, 1 - abstention)
- When children are removed from their family, all efforts should be made to place siblings together. (23 - yes, 2 - abstentions)
- Family preservation services are not always effective at protecting children. (unanimous)

Procedural Safeguards for Children

- Adoption procedures should be expedited in the case of abandoned babies.
Abandoned babies should be placed in pre-adoptive homes within 10 days, and termination of parental rights proceedings instituted within 30 days. The pre-adoptive parent or the child's attorney shall have authority, in addition to state or private agencies, to petition the court for termination of parental rights proceedings. (unanimous)
- For some children removed from their caretakers for serious and substantiated child abuse, psycho-social assessments, including history, and assessments about the nature and severity of substantiated past and current abuse may trigger termination of parental rights proceedings. Some abuse and/or history of abuse may trigger termination of parental rights proceedings not only for the target child but for siblings in the home. (unanimous)
- A dispositional hearing shall be held within 90 days after custody of a child is taken by the state. (24 - yes, 1 - abstention)
- A court-approved permanency plan must be in place within 18 months for all children who enter the child welfare system and are placed out-of-home, or Federal Financial Participation (FFP) will be withdrawn for those children. Courts should be empowered to order a permanency plan to be completed within 30 days if there has been no court-approved plan within 18 months. (20 - yes, 2 - no, 3 - abstentions)

Adoption as an Option

- The child protection system must recognize adoption as a remedy in the best interest of children. Financial, social, and legal barriers to adoption should be removed to allow more children to receive the benefits of adoption. (24 - yes, 1 - abstention)
- No prejudice against transracial adoption should be permitted in cases where a same-race adoption is not immediately available. (unanimous)
- To promote adoption, a refundable tax credit for adopting parents of $5,000 per adoption should be created. (22 - yes, 1 - no, 1 - abstention)

Residential Care as an Option

- Within a full array of services, residential care is a valuable and important component of child welfare. (23 - yes, 1 - abstention)
- Residential children's facilities, often mislabeled "orphanages," are not appropriate for preschool children. (24 - yes, 1 - abstention)

State, Federal and Private Sector Role and Responsibilities

- Foster, adoptive and biological parents, and appropriate individuals within residential facilities have the right to know the health status of children in their custody. Therefore, where clinically indicated, all newborns as well as children in or entering the out-of-home care system or under the jurisdiction of the state child welfare system shall be tested for HIV. The health care status, including HIV information, along with its implications, shall be shared with the parents and appropriate caregivers so that proper treatment of the child may be pursued. (27 - yes, 1 - abstention)
- The collection of nationwide data is essential to assess the status and well-being of children (health, education, sexual or physical abuse history, etc.). States ought to collect and report data on all children in the foster care system and on legalized adoptions, including

those arranged privately. This mandate to collect information should be funded by the federal government. (unanimous)

- Federal grants for child services shall include regulations requiring states to define performance standards and measurements with an emphasis on outcomes for children. (unanimous)
- States shall meet the same licensing and regulatory standards established for private child welfare providers. (unanimous)
- Preference should be given to utilizing the resources of the private - and especially the voluntary, non-profit, charitable - sector where available, as an alternative to public, government-operated child welfare programs. (24 - yes, 4 - no)
- The current government welfare system is in crisis. In order to effectively meet the needs of children in the 21st century, examination should begin now of the feasibility of privatizing the entire system. (20 - yes, 3 - no, 2 - abstentions)

Jeanne Allen, Ctr. For Education Reform
Frank Barthel, Amer. Public Welf. Assn.
Cassie Statuto Bevan, National Council For Adoption
Bruce Chapman, The Discovery Institute
Jerry Clever, Milton S. Hershey School
Kate Clinton, SOS Children's Villages
Phoebe Dawson, New Beginnings Adoption and Counseling Agency
Richard Gelles, University of Rhode Island
Lucy Hackney, Children's Defense Fund
Wade Horn, Fatherhood Initiative
Cheryl Keller, Smith Richardson Found.
Mavis Kelley, Milton S. Hershey School
Dorothy Kenyattaia, The Charles Smith Foundation
Ted Kim, Adoption Services Information Agency
Bruce Leftwich, National Policy Forum
William Maddux, Judge of the Circuit Court, Chicago
Ella McDonald, Richard Allen Center
Joy Midman, National Association of Psychiatric Treatment Centers for Children
Constance Miller, Indep. Women's Forum
Marty Mitchell, Starr Commonwealth
Curtis Mooney, Kentucky Baptist Homes for Children
Brenda Russell Nordlinger, Natl. Assn. of Homes and Services for Children
Louise Oliver, Philanthropic Roundtable
Kate O'Beirne, Heritage Foundation
Bill Pierce, National Council For Adoption
Maiselle Shortley, National Policy Forum
Debbie Simms, The Charles Smith Jr. Foundation
Sam Totaro, American Academy of Adoption Attorneys
Cora White, National Foster Parent Association

Organization affiliations are listed for identification purposes only.

Chairman SHAW. Thank you, Dr. Bevan.
Mr. Murphy.

STATEMENT OF PATRICK T. MURPHY, PUBLIC GUARDIAN, COOK COUNTY, ILL.

Mr. MURPHY. I am a lawyer and I have been litigating cases representing abused and neglected children since about 1968 in Cook County. I head up an office of 250, including about 135 lawyers and 50 social workers and investigators.

I don't know whether block granting is good or not. I am just a lawyer, and I go to court and represent a client. I do know that what is working now is not working. And I notice that one person who was here before stated we need more resources in the system. Let me say, you cannot pour enough resources into this bottomless system.

In Illinois, for instance, between 1983 and 1986 in Chicago, in the suburbs, I should say, there were 8,000 abused and neglected kids in the system. Today there are 34,000. Nationwide, it has gone from 262,000 in the same period of time to half a million. Commentators say it is the drug problem which is causing this and certainly 80 percent of the cases we see are drug related. But it is not the drug problem that is fueling this.

If you look at one of our typical cases in any day, you will see what is fueling it and that is, a woman who comes in at 22 or 23 with 4 children by different fathers and no involved dad and she becomes depressed and it is a reality-based depression, and she turns to drugs, and you and I would turn to drugs in the same situation. It is reasonable that she turns to drugs. It is like going to Vermont or the shore, except she doesn't have the resources.

Her drug supplier becomes her paramour and becomes the abuser of her and her children, and she abandons the kids and leaves them alone and they come into the system. It is too late for this woman. She recognizes her life is over. The situation here—what bothered me today is an acceptance of the status quo. We are talking about more resources for child care.

Why aren't we talking about doing away with the status quo? Why aren't we talking about it doesn't make sense to provide services for someone who is having kids when she should be studying Chaucer and playing volleyball and going to the local sweetshop. It doesn't make any sense.

Does it make sense that we have this underclass out there which is wallowing in misery? My clients are all members of the underclass, and the hardest part of my job is to walk into court and see kids the same age as mine, 9 and 12, who have the same potential as my kids and I know we are sending their lives down the drain because we don't care about them.

The left and right are equally to blame. The right fears the underclass because they are racially different and the left patronizes them, which is another form of racism. We do not hold them up to the same excellence.

Why are we saying—when it comes to welfare, I believe we should cut off all welfare for kids under 18. We should send the same message to a 16-year-old inner-city girl that we want our own children to accept, and that is we expect the same of you as we do of inner-city African-American athletes. We want them to do the 40 in 4.1 seconds or something, why don't we want a 12-year-old girl or a 14-year-old girl to finish school, to learn biology, and to learn math, and to get out and get a job.

Job training for a 22-year-old kid with five kids and no involved father makes no sense. What will we teach them to do; flip hamburgers? We are teaching kids with 120 IQs to do menial jobs. Job training should come in high school.

And if I sound frustrated, it is because I have been representing these kids. The generations are 15 years apart. And to see what goes on, go to the criminal court building at any major town. Go to the juvenile court in any major town. Go to the prisons, where it is loaded with African-American underclass people. We are not talking middle class, we are not talking poor, we are not talking wealthy, we are talking underclass. And the major crisis facing this Nation today, because we see it in court every day, and that is the underclass.

You know, Churchill said something about, in the battle of Britain, we will fight them in the fields and so on and so forth. And we have developed programs which say we do not demand anything of you. We will patronize. We will give you a few nickels and dimes, instead of saying we are going to demand excellence of you, and it is going to be a tough love situation. Because I don't care if you double aid, if you double welfare, it ain't going to make a difference.

So I think it is about time to demand excellence. The only way people can get out of the situation is work their butts off, and I think that is the message that has to go out from here.

Thank you.

[The prepared statement follows:]

OFFICE OF THE COOK COUNTY PUBLIC GUARDIAN
JUVENILE COURT
2245 W. OGDEN AVENUE
4th FLOOR
CHICAGO, ILLINOIS 60612

PATRICK T. MURPHY

PHONE: (312) 433-4300
FAX: (312) 433-4336

TESTIMONY OF PATRICK T. MURPHY, COOK COUNTY PUBLIC GUARDIAN, BEFORE THE COMMITTEE ON WAYS AND MEANS, SUB-COMMITTEE ON HUMAN RESOURCES-FEBRUARY 3, 1995

The issue about which I am to testify is whether the federal government should blockgrant some, or even most, child welfare funds to the states. And let me get right to the point. I don't know.

I am merely a lawyer who since 1968 has represented abused and neglected children, and at times their parents. Originally I did so as a young legal services lawyer operating out of a store front on Chicago's west side. Later, and on a more formal basis, I have done so as Public Guardian of Cook County where I supervise a staff of 250 including about 135 lawyers and 50 social workers and investigators we act as lawyers for the 34,000 abused and neglected children in Cook County.

In the sixties and early seventies most of my clients were white. The majority were abandoned by their parents. Many were victims of intellectually and emotionally marginal parents unable to deal with the pressures of extreme poverty; A few suffered from physical or sexual abuse.

Most kids whose parents could not deal with the pressures of poverty caused many of us to lobby for changes in the law to make it easier to put dollars into a neglectful family rather than to take the child out of the home. On two occasions I testified before congressional committees and later wrote a book, Our Kindly Parent, the State, in which I urged family preservation programs.

When I left legal services in the mid seventies I was more or less removed from the child welfare and juvenile justice systems for several years. When I returned full time in the mid eighties I found a different world. An overwhelming majority of abused and neglected kids are African American. But these kids are not middle class, working class or even poor. They are underclass which in our large cities, for reasons dating back to slavery and segregation, is African American. Slavery and segregation are relics but programs people like myself lobbied for and which we thought would alleviate the misery of the urban poor have not worked. Moreover, from what we see in court every day much evidence suggests that many of the programs we pushed for ended up hurting those we tried to help.

The Adoption Assistance Act was one of those ideas. I cannot tell you whether or not it has worked. But I can tell you things are much worse in the child welfare and juvenile justice systems them in 1980. For instance in 1987 for the third consecutive year we had about 8,000 kids in custody in Cook County. Today there are 34,000. Nationally these statistics are equally alarming. In 1986 there were about 262,000 abused and neglected kids in substitute care. Today, about a half a million.

Some crises facing the Juvenile Justice System requiring examination are:

1. GROWTH AND OSSIFICATION OF THE UNDERCLASS: When trying to explain the explosion of violence and crime in our inner cities and the numbers of abused and neglected children pouring into our child welfare systems many commentators point to the drug crises. Indeed, about eighty percent of Cook County's abuse and neglect cases are directly or indirectly related to drug abuse. Lawyers and social workers in New York and Los Angeles tell me that their statistics are about the same or greater.

But, in my judgment, drugs do not fuel the abuse, neglect or even the violence. Rather reality based depression triggers the drug abuse.

Take the typical case we see at the Juvenile Court on a daily basis. The mom is in her early twenties with four or five kids by different fathers none of whom are involved with the kid(s). She had her first kid when she should have been study Chaucer, playing volleyball and flirting with guys at the local sweet shop. She wakes up at twenty-two with too many children, no education, no future and children whose futures are suspect. Consciously or unconsciously she realizes her life is over-and perhaps the lives of her children as well. She turns to drugs as a reasonable alternative to a trip to Vermont, the shore or Europe. If you or I were in her situation we would do the same or worse. Her drug supplier becomes her paramour and ultimately the abuser of both her and her children. She neglects her children and often abandons them for hours, days and even weeks until family and/or neighbors step in and the kids get referred to the juvenile court.

Perhaps the ultimate example of this was the Keystone case which happened in Chicago just a year ago. In that case, Chicago coppers investigating drug allegations stumbled across nineteen kids living in a hovel with their five moms who were taking in approximately $6500 a month in welfare and other benefits for the children. Most of the money was going out the door into the hands of drug pushers. Ultimately, we discovered that these five mothers had twenty three children by seventeen fathers, none of whom was a dad to his kid.

And this is the real issue in most abuse and neglect cases. Most teenage moms do try and many succeed against all odds. It is the father who walks away at procreation that we must focus on. In April 1994 the New York Times ran a two page spread on 26 children charged with homicide. One sentence was repeated in 22 of the stories. "No father." Every one has a father. The article really meant to say there was "no dad."

Most of the cases we see in Juvenile Court involve the underclass. Because in our major cities the underclass is primarily African American, the majority of our abused child clients are black. The problem is not racial, but neither is it economic. It is cultural. A culture of welfare dependent individuals recycle their welfare dependency and misery to a new generation every 15 years or so, and that population, for reasons dating back to slavery and segregation, is primarily African American. If we do not stop now, examine the problem and, as a society, try to do something about it, it will explode to haunt the rest of us and our children for generations to come. Worse, we as a society are flushing the lives of many potentially talented human beings right down the toilet. But forget the talented human beings, why should a decent society shove aside innocent children, talented or otherwise, because they come from a certain background?

The underclass was not created by welfare, but today it is sustained by a welfare system that encourages dependency. The problems of the underclass are exacerbated by the flight of companies to underdeveloped countries. To succeed today, you need at least a high school diploma and probably more. Children having children do not finish their high school education. People of the underclass do not have the high school education plus more. The Right ignores the plight of the underclass and the Left patronizes it. Marion Wright Edelman of the Children's Defense Fund, who knows better, wrote in Parade Magazine on Mother's Day, 1994, "And if it's wrong for 13-year-old, inner city girls to have babies without benefit of marriage, it's wrong for rich celebrities too." The fact is, most single women celebrities who are having children are not children, and they have the maturity and financial resources to raise a child reasonably well. Thirteen year old girls should be doing math, playing volleyball, and working on computers, not changing diapers and worrying about their W.I.C. funds, AFDC checks and food stamps.

A New York Times' journalist points out that "while the cost of welfare is not small, it is not as large as the passions that surround the issue...."[1] The cost of AFDC may not be astronomical, but it is devastating in terms of spinoffs such as children who ultimately end up in the criminal justice system, who are abused and neglected, or who simply live out their lives in despair on welfare themselves. To understand the underclass and the problems of the underclass, legislators, members of the Administration and other politicians should not read boring statistics which can be argued every which way. Instead, they should spend a few days, weeks and even months in our criminal and juvenile justice courts in any moderately sized city.

2. A FLAKY SYSTEM: The child welfare system works on the premise that there is no such thing as a bad parent. If I had hours I still would not have time to begin to tell you about the numbers of cases I have seen of brutalized children sent home to be brutalized some more, even murdered. Recently, Department of Children & Family Services in Illinois commissioned a study concerning some problems. After sifting through dozens of cases of children beaten and abused by parents only to be sent back home, the consultant, Dr. Joy Rogers, concluded, "In no other setting in Western Society is the force of law used to return victims to the custody of those who have brutalized them."

Of course DCFS deep sixed the report.

The New York city comptroller issued a similar report in December, 1994 pointing out that children were spending twice as much time in foster care as they did in 1988 because of a "..compulsion by the state to keep returning children to parents who are no longer interested or caring." (December 22, 1994 , New York Times, National Education A-16).

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[1] New York Times, December 5, 1993.

Family preservation programs permit the state to give to an abusing or neglectful parent a housekeeper, intensive social work services, psychological counseling, chauffeuring to keep appointments, money and rent for new apartments. If you are poor and are doing a decent job of raising your children you get no help. But, if you are poor and abuse your child, the state might well shower you with services. If you beat up or rape the kid down the block you'll end up in the penitentiary but do so to your own child, and the state will rush in with a social worker, psychiatrist and housekeeper. And I do not exaggerate. Let me quote a Chicago Tribune article:

> A mother who stood idly by as her boyfriend repeatedly sexually and physically abused her three daughters, including one who later died, should be flown at taxpayer expense to Florida four times a year to visit her two surviving girls, [DCFS officials] are recommending.
>
> ...
>
> At the trial, testimony showed that [the mother] for years stood idly by as her three daughters were beaten and raped by [the boyfriend]. In some instances, she had been in the same bed with [the boyfriend] as he sexually attacked her daughter, according to the testimony.

(The daughters were four, six and eight at the time that the youngest one was scalded and benten to death by the boyfriend.)

The Department of Children & Family Services in Illinois contracted with the University of Chicago's Chapin Hall to conduct a massive three year study of their family preservation program. The study was the largest and most comprehensive ever performed on family preservation. The study concluded that family preservation did not have any measurable success in keeping children out of the foster care system. Chain Hall also reported that DCFS officials recognized that the family preservation initiative would lead to deaths of children but believed that the successes would outweigh the problems. The report pointed out, "It is almost certain that probability of child deaths would be higher in a program in which children at risk are left at home rather than to be taken into foster care.."

After Chain Hall began gathering data on the deaths of the children in family preservation Chain Hall reported that "DCFS administrators have asked us to suspend the study of child deaths."

In the best tradition of bureaucracy after the report was given to the agency DCFS asked to expand the program.

3. COUNTERPRODUCTIVE CONFIDENTIALITY LAWS: Child welfare is a big business. In Illinois the Department of Children & Family Services receives over 1.1 billion dollars annually. The money goes to both public aid private agencies and these agencies have the major court of public unions and private religious organizations. And everyone cowers behind the most Draconian confidentiality laws imaginable.

These laws, originally put in place to protect children, today are used to shield bureaucrats, judges and others from public scrutiny. Originally, I thought the bureaucrats used confidentiality to cover their negligence. Not so. Confidentiality prevents the media, hence the public and the legislatures, from understanding what a bizarre child welfare system we have. Those in the system look down their noses at the rest of us as being incapable of understanding the necessity of returning a child to a parent whose only real connection to parenthood was a sex act nine months before the kid was born.

Openness in government or anywhere else makes bureaucracy work better. Closed government is incompetent government.

4. SOCIETAL CHANGES AFFECTING FOSTER CARE: While the number of kids pouring into the foster care system increases the quantity and quality of non-relative foster homes is diminishing. (Relative foster care has picked up some of the slack) Societal changes have caused a change in the whole foster care system. Today, it is the rule for both parents to work and it is difficult enough to come home and take care of your own well behaved child after a hard days work. It is very stressful to come home to care for a damaged and needy foster child who will test even toughest and saintliest parent. Too often kids in the system rotate through several foster homes and suffer ever greater damage. There is a desperate need for residential and group homes (some call them orphanages) for pre-adolescent and adolescent kids. Right now hundreds of these kids in Chicago live in shelters and on the streets.

5. INTERRACIAL PLACEMENTS: This problem is related to the one described above. I am an advocate of residential care, or orphanages, for pre-adolescent and adolescent kids. But I believe such care counterproductive for infants. Yet, many states including Illinois, warehouse infants in "temporary shelters," a euphemism for orphanage, for weeks, months and even years while waiting for an African American foster home. There is an unwritten rule in child welfare not to place African American children in white homes. This thinking may cause the politically crowd to feel good, but it harms kids. Professor Randall Kennedy, of Harvard Law School, has written that to delay even for a second the placement of an African American child in the best possible home, irrespective of race, is overt racial discrimination. I do not know if I would go that far but I believe after a decent effort to place an infant in an African American foster home, and finding none, we must quickly place the child into the best available home.

SUGGESTIONS:

A. Pass legislation to prevent any person without a high school diploma under the age of eighteen from receiving any kind of AFDC benefits for children born out of wedlock as of a date certain such as January 1, 1996. Some will argue that children will be harmed. Children being born to children are being harmed today. We see them in the abuse and neglect courts, the delinquency courts, the criminal courts. A child born to a sophomore in high school without the benefits of the father starts off with 2½ strikes against him or her. We must send the same message to underclass children as we do to our own and to inner city athletes. We expect excellence from you. That means finishing school.

B. Do all you can on a federal level to make the sun shine in on the child welfare system. Pass laws giving the media access to juvenile court records and files and to files of child welfare organizations as long as they do not divulge the name of the parent or child. No real reform will occur until the public knows what is going on. Even legislatures are at the mercy of a system that can lie about, and cover up, its defects with impunity.

C. Encourage residential care for pre-adolescents and adolescents who cannot live in foster care. Strengthen the ability of parents and social workers to make decision concerning the temporary care of children without the interference of courts and lawyers. And finally, outlaw all forms of racial discrimination in the placement of children.

CONCLUSION

As a Peace Corps volunteer in the sixties, and later as a traveler in the seventies, I lived in and visited in many third world countries, Africa and Asia. Nothing I saw then, or for that matter in our inner city where I worked as a legal services lawyer, approaches the anger, despair, and potential greater violence that I see in underclass areas today. Democrats blame Reagan for all this while Republicans blame Johnson. But instead of blaming these politicians we should have blamed ourselves for not listening to an obscure Department of Labor economist, Daniel Patrick Monihan, who in the mid sixties clearly told us what would happen to the underclass and why. But the Right was bored and the Left embarrassed by what he said.

There is plenty of blame to go around: Conservatives, fearing the underclass and oblivious to the misery of the vast majority of decent men, women and children born into and raised in this alien culture. Or us, the liberals and civil rights types, who argue that African American men in prison who outnumber those in college are victims of racism and poverty ignoring the reality of teen moms and absent dads, and the equally harsh reality that most people suffering from black crime are African Americans. And we should also blame those who refuse the inner city poor the same access to birth control information and resources that the rest of us have.

The major problem facing the child welfare system today is the growth of the underclass. Indeed it is the major problem facing the nation. Crime, prisons, health, foster care, welfare are connected to this problem. What we see today is a shadow of the monster that awaits us in a few years if these problems are not forthrightly faced and resolved now.

Chairman SHAW. You sure delivered your message.
Thank you, Mr. Murphy.
Ms. Massinga.

STATEMENT OF RUTH MASSINGA, CHIEF EXECUTIVE, THE CASEY FAMILY PROGRAM, SEATTLE, WASH.

Ms. MASSINGA. Thank you, Mr. Chairman.

I am Ruth Massinga, chief executive of the Casey Family Program, which is a private operating foundation that provides long-term foster care for youth in 13 States in this country, among them Hawaii, Texas, obviously Washington State, California.

And before that, I worked as the Maryland Secretary of Human Resources for 6 years, dealing with some of the same issues that this committee is trying to grapple with, particularly in terms of child welfare.

Having seen it from, in some sense, both sides, as you start to sort through how we want to fix this system, I have three recommendations and they probably echo that of my colleagues but certainly vary and differ in degree.

I think we ought to maintain title IV–E as an uncapped entitlement and that includes those things that include administrative costs, and I will tell you why. When we say administrative costs it sounds as if we are talking about paperwork. In fact, what we are talking about are the people who do the work everyday in the States with whom we work. They are the people who provide the treatment. They are the people who do the recruitment of foster parents. They are the people who do the training of foster parents and so on.

So I think it is important to maintain those costs as uncapped entitlements, particularly at a time when we are not sure at all about how large these caseloads are going to be. We have seen nearly a quarter of a million young people come into the system over the last 5 years.

The other thing I think, of course, is that block grants are not all bad. And in fact the Congress has put in place block grants, particularly the Family Preservation and Family Support Act that was put in place by the 103d Congress, that has great potential. And I think as my colleagues here have said, there is room for further decategorization of certain programs so that, in fact, there is more flexibility for the State.

The third thing, however, that I would want to recommend is that the Congress recall why it is you got into this business in the first place and what is continuing, in my judgment, to be a major Federal role. The role should be to assure that there is equal opportunity for children throughout this country that arises out of taxpayers' expenditures of money.

Sure, States should have flexibility to provide services in varieties of ways, but I think all of us want children to grow up healthy and for them to be good citizens. And I think it is the Congress' responsibility to provide the standards and the data, not a pile of paper, but the standards and to hold people accountable for reaching those standards so that in the end the young people who cannot live with their own families have the same opportunities for the same kind of results to be good citizens wherever they live in the country.

I think it is your oversight role that has to be exercised as you think through how the block grants should be administered. In the end, I guess I would say that it is a partnership between the private sector, the people that I represent, the States and the Federal Government. The role of the Federal Government in that partnership is not only to come up with the resources to make sure, but to make sure that the goals we all care about are enforced in an equal way throughout the country.

[The prepared statement follows:]

BLOCK GRANTS IN CHILD WELFARE

TESTIMONY OF
RUTH MASSINGA , CHIEF EXECUTIVE, THE CASEY FAMILY PROGRAM

SUBMITTED TO

UNITED STATE HOUSE OF REPRESENTATIVES

THE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES

AND

THE COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES
SUBCOMMITTEE ON EARLY CHILDHOOD, YOUTH AND FAMILIES

FEBRUARY 3, 1995

Chairman Shaw, Chairman Cunningham and Members of the Subcommittees, I thank you for the opportunity to testify before your two sub-committees on the issues which confront the nation's system to protect abused, neglected and at-risk children.

As a former state Secretary of Human Resources charged with management of the major federal/state programs for the poor (Maryland, 1983 to 1989) and as a congressionally appointed member of the National Commission on Children (1988-1991) and as the current Chief Executive of one of the five largest private operating foundations in the country, focused on providing foster care services to children, I have experienced both success and distress in trying to use present Federal tools - statues and funds - to craft coherent and effective responses to families whose inability to discharge their parental responsibilities is impaired to the degree that removal of their children from the home seems imminent. Sadly, the description of the child welfare system found in the Report of the National Commission on Children is more true today than when it was written:

> "If the nation had deliberately designed a system that would frustrate the professionals who staff it, anger the public who finance it, and abandon the children who depend on it, it could not have done a better job than the present child welfare system. The goals of family reunification and permanency planning remain paramount, but dramatic increases in the number of troubled families and misplaced financial incentives to the states make these goals nearly impossible to achieve." (p 293, 1991)

In 1993, 2.989 million children in this country were reported abused or neglected, and 460,000 children lived apart from their families in foster family care, group homes, emergency shelter care and other settings. The connection between removal of children from their homes and untreated parental drug and alcohol abuse, inadequate parenting skills and supports, pervasive poverty and persistent exposure to violent behavior within the home and the neighborhoods from which these children come is well known to the family courts, citizen review boards and human services workers who are the front-line response team at the local level. The number and duration of class action law suits alleging and proving that these child welfare systems fail to protect children provides evidence that, despite good intentions and a real desire to be responsible stewards of vulnerable children, these public child welfare systems are strained to the point of dysfunction themselves.

There is no question that the strains of sorting out what to do with these rapidly increasing numbers of children has created a climate of crisis in which inadequate and in effective responses are inevitable. The reality is, however, that we as a nation have got to focus on what kinds of citizens we want these youth to become and quickly gear our child welfare work toward that goal. All of us want them to grow up able to get and keep a job and contribute positively to the communities in which they live. If we can agree upon these outcomes, the tools we employ should be adapted to better line up with the goals.

Given the realities of rapidly increasing caseloads and multiple though interrelated family conditions that are hard to remediate easily, it is critical that Title IV-E of the Social Security Act remain an uncapped entitlement since the administrative funds provided under the act are the primary means towards assisting states in recruiting and supporting sufficient foster families, providing adequate staff to work with the children in ways that help the children, their families and the foster families in addressing the serious developmental trauma that arises from removing a young child from his home and promotes their staying in school and acquiring the skills needed to be productive citizens. These funds help to assure adequate staff training, adequate monitoring of case plans by the courts, citizen review boards, and the child welfare agency staff. The availability of these matching funds allows states and localities to promote speedy disposition of situations where children can be freed for adoption or for stable subsidized long term kinship arrangements.

At the same time that I believe we need to leave this uncapped entitlement in place, **I believe equally strongly that responsible consolidation of small categorical child welfare funds should be continued and accelerated.** The 103 Congress created a consolidated Family Preservation and Family Support Program last year, a block grant designed to provide states with flexibility in developing prevention and responsible family reunification efforts. There are 15 discretionary categorical programs under the jurisdiction of the committee on Economic and Educational Opportunities that seem good candidates for consolidation. Presently, states are engaged in a new round of program development in response to the Family Preservation and Family Support block grant that is focused on engaging neighborhoods and communities to create family resource centers in accessible locations, focused on integrated, holistic and responsive organization and delivery of basic services in a family-friendly manner.

In addition, waiver authority to use Title IV-B and IV-E dollars more flexibly should be expanded. Ten states have waivers for demonstrations that will allow them to use these funds more creatively to avoid family breakup and to put concrete treatment in place that allows parents to assume their roles with their children with sufficient community support that they can sustain the family and protect their children.

Over the long term, it is important that our goals to reduce out of home placements and to promote and encourage responsible parenting be supported by Federal policy and funding. This would require shifting funds now spent on out of home care to family support and preservation, based on evidence of improved family functioning and evidence of responsible and responsive neighborhood and community systems of services and supports. We have to work our way out of spending most of our total resources on expensive tertiary services and reverse the federal incentives in accordance with this policy goal. Doing this responsibly requires more, not less, collaboration between the government and voluntary sector to establish models that are documented to work and can be taken to scale in difficult neighborhoods. We must be willing to be clear about desired results and demand mutual accountability for outcomes: neighborhood and community-based drug and alcohol treatment, job training and placement and family support services that are seen to be effective and responsive to consumers; families able to adequately care for their children with less reliance on out of home care ; cost data about both the present and evolving system that can be examined by citizens and policy-makers alike to assess whether the benefits are worth the money.

At a time when the Congress is anxious to enter into meaningful contracts with citizens, continuing to protect our most vulnerable young citizens and their often fragile families will require your wise and focused attention. I wish you well and offer my help, and that of my colleagues in the private sector to craft a careful and useful course. Thank you.

Chairman SHAW. Thank you very much for all your very good testimony.

Mr. Cunningham will inquire.

Chairman CUNNINGHAM. Thank you, Mr. Chairman.

And Ms. Bevan, my son is adopted, and I feel it was a very good program. I learned recently that my niece, my natural niece, was adopted. And that is a long story, but my sister-in-law actually went off to Kansas City, had the child, and then the child later came back and found my brother and the natural mother and it was a very good success story. They live in St. Louis.

And I would say to Mr. Murphy, I was a coach and teacher in Hinsdale, Ill., right outside Chicago, and I visited the area.

But I would like to bring up something that is maybe a little different tack. We are always looking for resources and for funds. And I think Members on both sides of the aisle want to see the system reformed. I believe that both sides of the aisle think and feel the system is not working, as Mr. Murphy has said. But you cannot dump enough funds into it. It is a bottomless pit. I think what we are trying to do is to find ways to keep the system from being a bottomless pit and come up with the funds necessary.

I know in the State of California, and these are accurate figures, there are 16,000 illegal aliens in our prison system. It costs $50,000 a year to house those individuals, and that is a low sum, depending on what kind of facility. That is more than we pay for kids in education. We have 400,000 illegal kids in K through 12 in the State of California.

What I am asking is the different funding areas, and the areas we want to take a look at, we need to provide those funds, but we need to make the choices on how we get those and what our priorities are. My priorities are for American children. Sure, we would like to help the world, but we cannot do that. And quite often the very groups that want the best—the WIC, the Head Start and so on—when we want to eliminate the other sources that are drawing from those sources, they will not stand up with us on a policy, that is, illegal immigration.

I want to be very careful in my statement. I went to Mr. Mfume and he asked me to go to Carrie Meek, both Democrats, and I went to J.C. Watts, because I have a perception, and I understand there is a difference between a perception and a reality, but I have a perception that within the black community itself, that over the past few years there is less emphasis on education. Because, again, I think this is part of the problem when you look at dysfunctional families.

I personally want to go from a dual track to a core course; a vocational track and an educational track that is going to college. But I think that a part of this whole puzzle is the deemphasis on education, and especially within the black community. I don't know if that is a reality or not, but I look at the colleges and I see the Asian students, that are the majority in our colleges anymore; and I know in the Filipino community, of which I have large numbers in my district, the day those kids start off, they are forced into education and they study and they study.

I would ask Ms. Massinga, is that a perception in your opinion or a reality?

Ms. MASSINGA. I think it is your perception. I do not think it is a reality. Just in the last 4 to 6 months, it seems to me that there have been a number of press stories that talk about the fact that the achievement rates among black youth throughout the country begin to approximate the same, high school and other achievement rates for any other groups, other cohorts.

There is a narrowing of the gap, which was once very large. And certainly when I was young, in the fifties, and going to school in Louisiana the gap was very large, for reasons that we do not need to repeat. But the gap certainly is narrowing.

So I think the data shows the gap has narrowed and that the issue about access to opportunities, and equality of results, which is what we all care about in the black community, is alive and well. I think the question is are there resources that are being used well within the black community; some that we are generating ourselves and access to Federal and State resources.

But I think your perception probably needs some updating.

Chairman CUNNINGHAM. That is why I am going to Mrs. Meek. And before I go off on a tangent, I want to make sure that maybe the gentlelady from New Jersey——

Ms. MASSINGA. I would be happy to make available to you what I have seen about those data, Mr. Cunningham, and will do that.

[The following was subsequently received:]

The Casey Family Program.

Headquarters
1300 Dexter Avenue N
Seattle, WA 98109-3547
(206) 282-7300
FAX (206) 282-3555

February 21, 1995

The Honorable Randy "Duke" Cunningham
Chairman
Subcommittee on Early Childhood, Youth and Families
Committee on Economic and Educational Opportunities
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your recent invitation to present testimony about child welfare on February 3 at a joint hearing of the Economic and Educational Opportunities Subcommittee on Early Childhood, Youth, and Families and the Ways and Means Subcommittee on Human Resources. I wanted to take this opportunity to address your expressed perception about commitment to education in the African-American community and your specific request for information to update you on current findings.

The most significant gains in educational performance over the past two decades in fact have been made by black students. The study just released by the Rand Corporation found that for youths aged 13 to 18, standardized math and verbal test scores have increased by an average of 19 percentage points for black students as compared to 3 points for white students. According to the report, these gains were most influenced by a rise in parental education levels and a drop in family size, as well as the level of household income. For instance, a student whose family earned $40,000 annually was found to outperform one whose family earned only $15,000. The report attributes the academic gains by minority students to the promotion of equal educational opportunities and increased public investments in children, families and schools over the past twenty years. The findings of this report demonstrate that it is the family's economic and educational strength, not race, that influences educational outcomes. The significant educational gains by black students documented in this report should put to rest any misperceptions about a commitment to education by the African-American community. I have taken the liberty of enclosing a policy brief from the Rand Corporation as well as articles in San Diego and other newspapers addressing this report.

As I reflected upon our exchange, it is fair to observe that, for children in the child welfare system, the lack of continuity and interruptions with caretakers make attending to education more problematic, irrespective of race. We know from study after study and from our own experiences that the presence of an adult focused on a child's education is critical to positive outcomes for that child. Consistent with the Rand study, this speaks strongly for continuing to provide fully adequate Title IVE administrative funds for foster care maintenance and adoption assistance in order to recruit and support stable foster families who can provide the guidance and focus for children to stay in school and become productive citizens.

Mr. Chairman, The Casey Family Program provides long-term family foster care through our 23 offices in 13 states including a division in San Diego which serves children in San Diego County. We are interested in talking to you further about foster care and what it entails, for foster families and for children. We would like to invite you to visit our San Diego office and meet with staff, young people and foster families. We would be delighted to organize such a visit at your convenience. I look forward to hearing from you and welcome any further questions that you might have regarding the enclosed materials.

Thank you.

Sincerely,

Ruth W. Massinga

Ruth W. Massinga
Chief Executive

cc: The Honorable E. Clay Shaw, Jr.
The Honorable Harold E. Ford
The Honorable Dale E. Kildee

RAND INSTITUTE ON EDUCATION & TRAINING

POLICY BRIEF

DECEMBER 1994

Student Performance and the Changing American Family

Critics of American education frequently blame lagging student performance on the deteriorating American family structure. Moreover, it is widely asserted that substantial spending on schools and social programs over the past two decades has failed to reverse the educational downtrend. However, a recent study conducted by RAND's Institute on Education and Training sharply challenges this view. First, the study points out that prior research—contrary to public perception—has reported gains in student performance between 1970 and 1990, as measured by nationally representative test score data. The largest gains were made by minority students, although a substantial gap still remains. Second, the study finds that demographic trends affecting the family over this time period contributed to rising test scores. Third, the minority gains cannot be fully explained by changing family characteristics, suggesting that we need to look to other factors for explanations. The most likely explanations are rising public investment in schools and families and equal educational opportunity policies.

Student performance and family environment: what's the connection?

The issue of how families affect student performance is vital to public policy. With public resources stretched thin, how can government best increase learning: by improving schools or the family environment? In *Student Achievement and the Changing American Family*, RAND researchers David W. Grissmer, Sheila Nataraj Kirby, Mark Berends, and Stephanie Williamson took a first step toward answering this complex question. They constructed comprehensive, quantitative models for determining how family characteristics affected test scores among junior- and senior-high students. Specifically, the research addressed three questions:

- What is the relationship between family characteristics and student performance?
- Given the changes in family characteristics between the early 1970s and 1990, could the changes in student test scores be predicted? How would these predictions compare to actual test score changes?
- How did these trends differ for various racial/ethnic populations?

Which family characteristics matter most?

The study drew demographic information on student families from two large databases: the National Longitudinal Survey of Youth (NLSY, 1980), from which it selected students aged 15 to 18, and the National Education Longitudinal Survey (NELS, 1988), which sampled eighth-graders.

The study estimated how specific family features affect student performance, as measured by mathematics and verbal/reading scores.[1] It examined parents' level of education, family income, mother's employment status, the number of siblings, age of mother at birth of child, and single-parent families (see Figure 1). The study found that

- The most important family characteristic influencing student performance is parents' education. For example, students with one or two college-educated parents performed significantly better than students whose parents were not high school graduates.
- Income, family size, and mother's age at child's birth were modestly significant. For instance, a student whose family earned $40,000 annually outperformed one whose family earned only $15,000; a student with one sibling performed better than a student with four sib-

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[1] Mathematics scores were used to illustrate study results; however, verbal/reading scores would have shown similar results.

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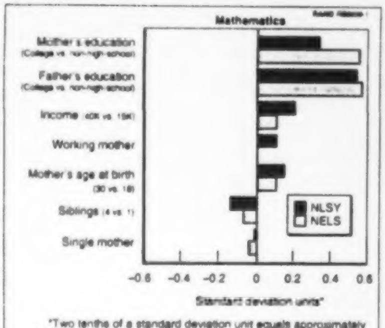


*Two tenths of a standard deviation unit equals approximately 7 percentile points.

Figure 1—Net differences in mean mathematics test scores for selected groups, NLSY and NELS

lings; and a child of an older mother scored higher than a child born to a young mother.

- Surprisingly, whether the mother worked had a negligible effect, after accounting for other family factors.
- In addition, single-parent status by itself was not significant. This result suggests that any performance gap between students from one- or two-parent families arises from other differences, such as family income or size or parents' education.

The changing family: a boost for student test scores, 1970–1990

The researchers used these results to predict the changes in test scores that would be expected from changing family characteristics. They found that students in 1990 would be predicted to score higher, not lower, on tests than youth in families in 1970. This is because the two most influential characteristics—parents' education and family size—changed for the better (see Figure 2). Mothers and fathers in 1990 were better educated than their 1970 counterparts. For example, 7 percent of mothers of 15–18-year-old children in 1970 were college graduates, compared to 16 percent in 1990. In addition, 38 percent of mothers did not have a high school degree in 1970, compared to only 17 percent in 1990. Changes in family size were also dramatic. Only about 48 percent of 15–18-year-old children lived in families with at most one sibling in 1970, compared to 73 percent in 1990. The decline in family size coupled with the unchanging average family income levels (in real terms) between 1970 and 1990 means that family income per child actually increased during this time period.

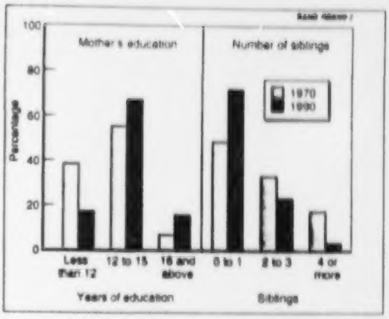


Figure 2—Changes in selected family characteristics, 1970–1990

The effect of the large increase in numbers of working mothers and single-parent families during the past two decades is more complex. The estimates imply that the large increase in numbers of working mothers had—other things being equal—a negligible effect on test scores. However, this measure was taken when the youth were approximately 14 years old, so the results may not apply to younger children. In the case of the increase in numbers of single mothers, the researchers' estimates imply no negative effects from changed family structure alone. However, such families tend to have lower incomes and mothers with lower educational attainment, so that predictions for youth in these families show a negative effect mainly because of the lower income associated with single-parent families.

The research also found that the positive changes in the family were mirrored in the National Assessment of Educational Progress (NAEP). The NAEP contains a set of standardized tests administered by the Department of Education. Since the early 1970s, the NAEP has been monitoring student achievement among nationally representative samples of students at ages 9, 13, and 17. One function of the NAEP design is to monitor achievement over time. As other researchers have reported, results from the NAEP from 1970 and 1990 indicate that the average mathematics achievement of 13-year-olds increased by about 0.18 of a standard deviation, or roughly 6 percentile points, whereas that of 17-year-olds increased by about 0.13 of a standard deviation, or roughly 4 percentile points.

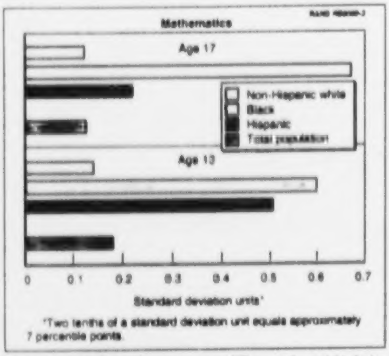
The NAEP is a much more valid indictor of nationwide student performance than the oft-cited Scholastic Aptitude Test (SAT). In fact, the SAT is not designed to compare student performance over time because it is not taken by a statistically representative sample of the nation's students. The SAT is actually taken by a different mix of students each year and moreover excludes non-college-bound students—the group registering the largest gains in scores. Therefore, using the SAT as a "national report card" on American education is at best misleading.

Larger gains for minorities

Improvements in test scores varied significantly for different racial/ethnic groups (see Figure 3). The greatest improvements in NAEP mathematics and reading test scores were posted by black and Hispanic students. This helped to narrow the minority-nonminority test score gap even though a substantial difference remains.

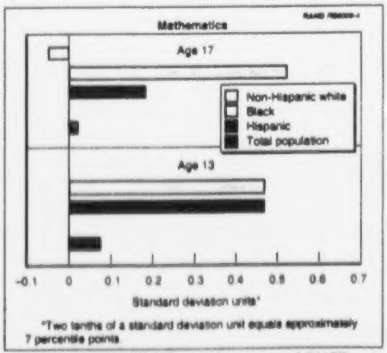
Subtracting the predicted gains resulting from family changes from actual overall gains in NAEP scores suggests how much the improvement in test scores among racial and ethnic groups can plausibly be attributed to the family as opposed to influences outside of the family (e.g., public investment, public policies, and schools). Scores for black students increased dramatically even after subtracting family effects, as did scores for Hispanic students (see Figure 4). By contrast, there was a negligible difference between the actual and predicted scores for non-Hispanic whites, implying that the test score gains for these students were fully accounted for by the changes in family characteristics.

These results suggest that black student gains during this period and, to a lesser extent, those of Hispanic students may in part be attributable to public investments in families and schools and/or equal educational opportunity policies. This implies that programs targeted for minority students may have yielded important payoffs, but identifying which programs have worked and their relative cost-effectiveness especially for children placed at risk remains an important topic for future research. Project Director David W. Grissmer observes "These findings are like a caution light at an intersection, warning us to go slow in dismissing the large investments in public education, social programs, and equal opportunity policies over the past twenty years as a waste of resources and a failure of social policy. Future research in this area will allow us to target family and educational resources where they do the most good."



*Two tenths of a standard deviation unit equals approximately 7 percentile points.

Figure 3—NAEP mathematics score differences by racial/ethnic group between 1978 and 1990 for 13- and 17-year-old students



*Two tenths of a standard deviation unit equals approximately 7 percentile points.

Figure 4—Unexplained differences between actual (NAEP) and predicted (based on family changes) mathematics scores for different racial/ethnic groups, 1978–1990

RAND research briefs summarize research that has been more fully documented elsewhere. This research brief describes work done in the Institute on Education and Training and documented in MR-488-LE, Student Achievement and the Changing American Family *by David W. Grissmer, Sheila Nataraj Kirby, Mark Berends, and Stephanie Williamson, 131 pp., $15.00, which is available from RAND Distribution Services, Telephone: 310-451-7002; FAX: 310-451-6915, or Internet: order@rand.org. RAND is a nonprofit institution that helps improve public policy through research and analysis. RAND's publications do not necessarily reflect the opinions or policies of its research sponsors.*

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ORANGE COUNTY REGISTER
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DEC 21, 1994

Some changes in family are helping young learn

DEMOGRAPHICS: Researchers credit better-educated parents and increased resources.

By CONNIE CASS
The Associated Press

WASHINGTON — Amid all the hand-wringing over the decline of the American family, one group of researchers offered good news Tuesday: They said the better-educated, smaller families of the '90s are helping children learn.

They also credited schools with helping raise standardized test scores, especially among black and Hispanic students, over the past two decades.

"If you listen to the national debate, you would believe that families and schools are failing and government programs and policies don't work," said David W. Grissmer, who led the study at Rand, a research institute based in Santa Monica.

The two-year Rand study "challenges this conventional wisdom on all counts," Grissmer said at a news conference.

The study was designed to determine how the changing demographics of the American family affect student achievement.

Some changes, such as an increase in the number of children living in poverty, have hurt test scores. However, those effects have been overshadowed by beneficial changes, such as more parents with high school or college degrees, researchers found.

The study was based on national family surveys and the National Assessment of Educational Progress, a standardized test for 13- and 17-year-old students.

Scores for black and Hispanic teen-agers improved significantly between the mid-1970s and 1990, narrowing the gap with white students, who made much smaller gains.

Average math and reading scores increased the equivalent of 3 percentile points for whites, 11 points for Hispanics and 19 points for blacks, the researchers said. The difference between blacks and whites in 1990 was still 25 to 30 percentile points. That's down from 40 to 45 percentile points two decades earlier.

Between 1975 and 1990, the number of children born to teenage parents increased by almost 50 percent, he noted, while the number of children raised by single mothers rose roughly 40 percent, as did the number of children whose mothers worked. In addition, Grissmer said, children living in low-income families increased by about one-fourth.

Nevertheless, average test scores went up. The researchers credited other changes in family demographics.

Most important, parents became better educated. Children of college-educated parents perform significantly better than students whose parents didn't graduate from high school, Rand found. In 1970, 7 percent of mothers were college graduates, compared with 16 percent in 1990.

Secondly, average family income remained stable, while family size decreased. This means there were more resources available per child. In 1970, only about 48 percent of those ages 15-18 came from families with one or two children; in 1990, about 73 percent lived in one- or two-child homes.

Since the improvement by black and Hispanic students exceeded what would be expected from family changes alone, researchers believe that desegregation, increased spending on schools, language programs for immigrants and social programs for poor children played a role.

The Rand study did not include children under 13 or reflect changes over the past four years.

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San Diego, CA
UNION – TRIBUNE
San Diego
Met Area

Wednesday D 383 827

DEC 21, 1994

P1436

LUCE PRESSCLIPPINGS

Families, schools given good marks as educational motivators

By CONNIE CASS
Associated Press

WASHINGTON — Amid all the hand-wringing over the decline of the American family, one group of researchers offered good news yesterday: They said the better-educated, smaller families of the '90s are helping children learn.

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Last summer, Education Secretary Richard Riley noted that test scores have improved but said, "We have a long way to go."

"We aren't saying that American education is good enough," Grissmer emphasized, or that all schools and all families are doing well.

Between 1975 and 1990, the number of children born to teenage parents increased by almost 50 percent, he noted, while the number of children raised by single mothers rose roughly 40 percent, as did the number of children whose mothers worked. In addition, Grissmer said, the number of children living in low-income families increased by about one-fourth.

Nevertheless, average test scores went up. The researchers credited other changes in family demographics.

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Second, average family income remained stable, while family size decreased. This means there were more resources available per child. In 1970, only about 48 percent of teens age 15-18 came from families with one or two children; in 1990, about 73 percent lived in one- or two-child homes.

The increase in working mothers had no significant effect on test scores, but the increase in children living in poor families hurt, as did the number of teen-age mothers, many of whose children live in poverty, Grissmer said.

Since the improvement by black and Hispanic students exceeded what would be expected from family changes alone, researchers believe that desegregation, increased spending on schools, language programs for immigrants and social programs for poor children may also have played a role.

The study did not determine whether top-scoring students improved or backslid.

Grissmer cautioned against using college entrance exam scores — which have dropped since the 1970s — to assess student performance, because they are not based on a valid sample.

The Rand study did not include children under 13 or reflect changes over the past four years.

Chicago, IL
Sun-Times
Chicago Met Area

Wednesday D 522 709

DEC 28, 1994

The Good News About Schools

The American family is in trouble. The performance of American school kids and schools has declined. Minority education, in particular, is a disaster area. And government efforts to do something only makes matters worse.

Right?

Wrong on all counts.

At least that's what a team of four researchers at the RAND Corp. have found. Their study, released last Thursday, departs sharply from the hysteria surrounding ideologically charged discussions of education and family in America. Those in Washington and Springfield who zealously talk about dismantling public education and social programs may first want to consider the sizable payoffs that they yield.

Mark Hornung

Specifically, the RAND study reveals that students' math and reading scores actually improved for all racial and ethnic groups between 1970 and 1990, as measured by the most valid and representative data. African-American students made the most dramatic gains, followed by Hispanic and then white students. A performance gap between minority and nonminority students remains, but it has narrowed.

Meanwhile, changes in family demographics have substantially abetted test score gains rather than harmed them. Rising levels of education among parents had a particularly powerful effect, especially for African-American families. So, too, did stable family incomes and declining family sizes.

"Prevailing perceptions are too gloomy," says study leader David W. Grissmer. "Parents, teachers and policymakers should take some pride in recent progress."

Grissmer and colleagues Sheila Nataraj Kirby, Mark Berends and Stephanie Williamson base their modestly upbeat conclusions on test scores recorded by the National Assessment of Educational Progress, a set of standardized exams given regularly to a representative sample of 9-, 13- and 17-year-olds. Between the mid-1970s and 1990, average math and reading scores in the two oldest age groups rose approximately 3 percent for whites, 11 points for Hispanics and 19 points for blacks.

Why the overall increases? Families in 1990 have more highly educated parents, with fewer children and similar levels of income, than 20 years earlier. For example, 7 percent of mothers with children from ages 15-18 were college graduates in 1970. By 1990, 16 percent of such mothers were. And 62 percent of such mothers had high school degrees in 1960, whereas 81 percent did in 1990.

There is an important caveat. Increases in single-parent families depressed test scores. However, the analysis found this had as much to do with low levels of education and income that frequently accompanies single parenthood. On its own, female participation in the work force showed no negative effects.

But why the relatively larger increases for minorities? To begin with, minorities had more ground to make up. For another thing, a considerable amount of the new public money spent on education has been targeted to disadvantaged youth. In other words, programs targeted for minority youth may be yielding important payoffs, though the researchers say they are unable to say which programs are effective and which ones aren't.

"These findings are like a caution light at an intersection, warning us to go slow in dismissing the large investments in public education, social programs and equal opportunity policies over the past twenty years as a waste of resources and a failure of social policy," Grissmer says.

Mark N. Hornung is editor of the Chicago Sun-Times editorial pages

BURRELLE'S

Washington Times
12/21/94

INSIDE THE BELTWAY

By John McCaslin

John McCaslin is on vacation. His column will resume Jan. 2.

U.S. students better than many believed

Study shows 20-year improvement

ASSOCIATED PRESS 7451

A new study takes a much rosier view than usual of American schools and families. Contrary to popular belief, it says, U.S. schools have improved over the past 20 years, and better-educated parents and smaller families are helping students learn.

The Rand Corp. study should dispel the notion that schools and parents are failing the nation's children, its authors said.

"If you listen to the national debate, you would believe that families and schools are failing and government programs and policies don't work," said David W. Grissmer, who led the study at Rand, a Santa Monica, Calif.-based research institute.

The Rand study "challenges this conventional wisdom on all fronts," he said at a news conference yesterday.

The study was based on students aged 13 to 17 who took the National Assessment of Educational Progress tests between 1970 and 1990. The scores were analyzed alongside information from government surveys of families.

Education Secretary Richard Riley says that, despite improvement over 20 years, progress is inadequate.

Education Secretary Richard Riley, in announcing the latest National Assessment of Educational Progress results in August, said that although American students were doing somewhat better than they did 20 years ago, the progress was inadequate.

"We aren't saying that American education is good enough," Mr. Grissmer said, only that it is not as bad as many believe.

The Rand study said standardized test scores for black and Hispanic teen-agers improved significantly between the mid-1970s and 1990, narrowing the gap with white students, who made much smaller gains.

The average math and reading scores of students ages 13 to 17 increased the equivalent of 3 percentile points for whites, 11 points for Hispanics and 19 points for blacks.

That suggests that desegregation and increased spending on schools, especially programs targeted at minority students, have paid off, the study says. Early education and nutrition programs for poor children also may have helped.

The researchers said their next goal is to figure out which programs work and why, so school spending will be more cost-effective.

"The country should be cautious about dismantling programs until we know which deserve to go and which to continue," Mr. Grissmer said.

While minority students benefited from changes both at school and at home, the small improvement in white students' scores seems to be tied to family life, the study said.

The factor that helped students most was better-educated parents, the study found. For example, in 1970, 38 percent of the mothers had not completed high school; in 1990, all but 17 percent had completed high school.

Smaller families also benefited students, the study found. Average family incomes remained stable while average family size decreased, leaving more resources to care for each child.

The Rand analysis found that two trends that have worried policy-makers — an increase in working mothers and an increase in single mothers — had no significant effect when considered alone.

But there was an indirect effect on children raised in single-parent households. They were more likely to be poor, and poor children don't score as high.

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Chairman **Cunningham**. Thank you.

Chairman **Shaw**. Thank you. Mr. Ford.

Mr. **Ford**. Let me just follow up on that.

That would be true with any race in America, when you see poverty at certain rates in deteriorating communities, like my own in Memphis, Tennessee. I certainly think regardless of whether you are African-American or non-African-American, when you live in certain rat-infested, violence-infested communities you seem to find many deficiencies, and it is not stigmatized to one particular race at all. That is what I sense in my particular area where you do find these deficiencies that might occur in communities.

Ms. **Massinga**. I think that is true, but I do not think there are big differences. We need to look at the data but I do not think there are big differences in dropout rates among classes as is related to underclass issues.

Mr. **Ford**. I am saying you can put all of the classes together in those situations and you will find the stats being about the same.

Ms. **Massinga**. Exactly.

Mr. **Ford**. Let me ask you also, how were children treated in most States prior to the Federal Government stepping in in many of these areas of child care, adoption programs? Prior to the Federal Government being a participant, how were States responding to that? Were the kids better off than they are today?

Ms. **Massinga**. I think that the Federal statute, the Adoption and Assistance Act of 1980, tried to put in place some of the standards and the data collection that would support it. Before that, there was Federal participation, financial participation, but the States operated in a very idiosyncratic manner; very individually.

So as Secretary Bane said earlier today, there was a great deal of concern that many States did not know how many children there were in foster care in Maryland. We did not have systems to collect those data. We did not know what were the outcomes of those children in foster care.

So one of the things we did in response to Federal pressure, but our own need as well, was to put in place the mechanisms for beginning to collect those data and knowing what was it that we were doing. We were shelling out money but we did not know what the outcomes were.

Mr. **Ford**. But after the Federal Government stepped in——

Ms. **Massinga**. We started, with the law that was enacted, and both with the additional Federal dollars but the pressures to report, we began to collect those data. We certainly put in place a foster care citizens review board that the gentleman spoke about earlier, and that was very helpful. And a number of States did that. But we began to put in the accountability and oversight measures which were necessary and for which there had been no pressure at the State level.

Mr. **Ford**. Do you think they are still necessary?

Ms. **Massinga**. I certainly do.

Mr. **Ford**. Mr. Murphy, would you give full responsibility for the child welfare system to the State of Illinois? And what are your thoughts about what the State of Illinois would do as it relates to the services in the absence of the Federal requirements that would be in place under the Contract With America, the bill that we are working on before the committee now?

Mr. MURPHY. Well, as I said when I gave my testimony, I don't perceive myself an expert on who should get the money. My own view is that it really makes no difference. It is going to get worse.

You asked the previous question about the AAA. On two occasions I testified in favor of it before Birch Bayh committees. Tried cases involving it. It is worse now. The system is worse all over. It is not because of the AAA, by the way, it is because of the growth of the underclass.

You know, you were right when you were saying is the black dropout rate any different than in the middle class? Of course not. The unfair thing about grouping all African-Americans together, in terms of testing or anything else, is you are including this horrible underclass. That is the problem.

So will Illinois do it better than the Feds? It does not make any difference. It is going to get worse. And I think that is what everyone has to keep their eye on. We should be here worrying about the fact that the underclass is growing. If it grows, it is going to get worse. No matter what you do, it ain't going to make no difference.

If the underclass diminishes, if kids stop having kids, if 66 percent of the African-American families do not have a father for a head, if it goes down to where it was when Moynihan raised the first alarms, yes, things will be much better. That is what we have to be working on.

In my judgment, from the bottom of the mountain, in court. I am not an expert. I am just a lawyer.

Mr. FORD. Thank you, sir.

Chairman SHAW. Mr. Souder will inquire.

Mr. SOUDER. Mr. Chairman, I cannot ask any questions without first making the comment at the beginning. It is ironic for me today, because a number of years ago, when I was with the Children, Youth and Families Subcommittee, Mr. Miller was the chairman of the committee; Ann Rosewater, who is with Mary Jo Bane, was the Democratic staff director; Cassie was the deputy director when I was the Republican staff director; and Wade was the head of the Children, Youth and Families Administration. A little different configuration today. Mr. Miller seems to have gotten the worst of that mix there.

Two quick questions. One for Cassie. A lot of the freshmen, in particular, and other Members, are getting a little restless that in every committee hearing we go to, no matter what the area is, we are hearing, well, this program and that program we need to not cap and we need to spend here, and yet we are under tremendous budget pressure.

Has there been any consideration to, if we capped part of the adoption but not those adoptions that were coming out of foster care; or making some differentiation because those dollars are actually saved to the government as opposed to other sorts of adoptions?

Ms. BEVAN. No, we did not make the distinction. Only 15 percent of kids get adopted out of the foster care system. The foster care system is not encouraging adoptions, so 85 percent of them are adopted out of that system, and in the private sector and voluntary nonprofit sector.

So I do not think that is the direction we would want to go in. We think adoption does make a difference in kids' lives and it is the appropriate response. It will save the government lots of money if you can keep kids out of the foster care system.

Mr. SOUDER. It is one of the difficulties in family preservation, too. Family preservation has more direct impact on the Federal Government if it is dealing with kids who are already in the system. It is very difficult to estimate who will go into the system. You can have some probability but you do not have as much certainty. I am trying to look at how we are going to actually deal with dollars.

Ms. BEVAN. You want to make it clear children who are adopted are not destined to be part of the underclass. This is one way of keeping them out of the underclass.

Mr. SOUDER. I had one question for—I guess I should refer to you all as doctors—Dr. Horn. In your testimony you say that we have had a 65-percent increase in the number in foster care, yet 10 times the amount of spending. What is the differential, if the services are not that much greater?

Mr. HORN. Much of that growth in spending is accounted for by the growth in the title IV–E Administrative Cost Program. That does not represent a real increase in services. Although it is true that it pays for some services, it is not true that it represents an increase in real services.

What it really represents is States being better at claiming under the title IV–E Administrative Cost Program reimbursement from the Federal Government for services that they were already providing.

In addition to that, there were some court cases that broadened the definition of who is available for reimbursement under the title IV–E Administrative Cost Program. So what we have seen is an explosion in claiming under the title IV–E Administrative Cost Program without any commensurate increase in services to children.

Mr. SOUDER. Are the quality of services, since they previously were covered by the State and now they have moved to the Federal by that cost shifting, do you believe there was any qualitative improvement in the services?

Mr. HORN. I don't think there is any evidence that it resulted in an increase in the quality of services.

Mr. SOUDER. One of the interesting questions for us, as we look at possibly block granting back to the States, in effect they had cost shifted to us. Because if we look at these types of things, that was a very interesting number.

Mr. HORN. One of the things we do know is that States are dedicating more resources toward aggressively claiming reimbursements from the Federal Government under the title IV–E Administrative Cost Program. And we certainly know those diverted resources are not going to services for children.

Mr. SOUDER. Thank you.

Chairman SHAW. Thank you. Mrs. Kennelly.

Mrs. KENNELLY. Dr. Bevan, I hear your frustration and I sympathize with you. I will be very frank with you. I don't think too many of us would be on this subcommittee if we were not frustrated and dissatisfied with the system and trying to do something about it.

We are really trying to do something, Mr. Murphy, about defeating the cycle of poverty. And what we are trying to do, some of us, is to make sure that the American public does not have this happen to them with block grants. We cannot send the whole problem back to the States and somehow claim we reformed the whole system, because there is more to it than that.

And, Dr. Bevan, surely you realize that the Federal Government has very little to do with adoption. We have that piece of legislation that we are trying to protect right now to give tax credits to children who are adopted with disabilities.

Ms. BEVAN. It is the spirit of the way the 427 protections are interpreted by the States; it is perceived as a hierarchy of services so that adoption is always viewed as a last resort.

Mrs. KENNELLY. I am not arguing with you, but we get blamed for so much. I just want to tell you the States do seem to interact there. I am not arguing with you at all. I salute you for doing what you do because the frustration of the job is great.

And let me tell you something, none of us sitting here would be—I think we would quit if they became faceless to us. We would not be on this committee. It is a struggle. If I do nothing else on this committee, I am trying to let people know that this is the hardest, most difficult thing we have ever had before us. And to say we can just send it back to the States and say it will be resolved, you as experts realize that that solution is a little too easy to be true.

And, Mr. Murphy, we are trying to protect some of those children and get them a fair shake in reform. We are taking all this time to do reform. We know we have a tough job ahead of us, but at least, let us hope, the system is better, or God in heaven, our credibility just goes down further.

So I just thank you all for coming. I think the frustrations are on both sides, and I guess we are all just trying to do the best job that we can.

And I thank you for doing what you are doing because you are on the front lines, I admit that.

Chairman SHAW. Thank you, Mrs. Kennelly.

Mr. McCrery.

Mr. MCCRERY. Thank you, Mr. Chairman.

Dr. Horn, you touched on something a few minutes ago in response to Mr. Souder's question.

With respect to the question of open-ended entitlements, I believe in your testimony you advocate continuing open-ended entitlement for one particular area. Would you repeat that and if you want to say any more about why we should cap the entitlement for the other areas, please do so.

Mr. HORN. The two areas I would recommend keeping as open-ended entitlements are the title IV–E Foster Care Maintenance Payments Program and the title IV–E Adoption Assistance Program.

If you want to build a system that says our first goal is to protect children, you do not want to create a disincentive for taking children out of abusive homes and placing them in foster care. You want to be able to have States do that without having to worry about whether or not it is going to break the bank.

On the other hand, if better preventive services and reform in other areas, such as welfare reform, result in a decreasing need to place children in foster care, keeping title IV–E as an open-ended entitlement will actually save the Federal Government money because the foster care rolls will decrease.

In terms of adoption assistance, the title IV–E Adoption Assistance Program provides cash assistance to families who adopt children who are AFDC or SSI eligible and who have special needs. These are the children who are very difficult to place for adoption and we want to ensure that these children are not languishing in foster care because there is a family that would like to adopt that child but is not financially able to because of the increased cost of adopting a child, for example, who might have a disability.

Mr. McCrery. What about the other areas?

Mr. Horn. In the other areas, there is no reason to keep them open-ended entitlements, not when we are facing Federal deficits at hundreds of billions of dollars.

Although there is a great deal of money being spent under the title IV–E Administrative Costs and Training Programs, we are seeing increases in these programs beginning to moderate. What we can now afford to do is to take these entitlements, place them into the block grant and appropriate moneys for that block grant on a year-to-year basis.

I also want to say that I agree with Mr. Murphy that we have to be careful that we do not assume that simply block granting these programs will make everything right in the world. A lot will be very wrong with the world even with a block grant approach. It will be better than what we have now, but there will still be much wrong.

We must not lose focus on the fact that we are going to have to do something about the underclass. We will have to do something particularly about these children who are either being born into families without fathers or are now living in families without fathers, because those children are at substantial risk. There is at least one study that shows that children living away from their biological fathers are 40 times more likely to be abused than children who live in homes where their biological fathers reside. That is not the popular myth we have about who abuses children.

I cannot think of a more effective child abuse prevention program than getting more biological fathers to understand what it means to be a good and responsible father and the importance of being in the home. As we talk about block grants, we cannot lose sight of this fact.

Mr. McCrery. I don't think you will get any argument from most of us on this committee and I appreciate your explanation of the open-ended entitlement question.

Quickly, Mr. Murphy, I just want to say while I have a few seconds remaining that I did catch the "60 Minutes" or "Prime Time," I don't know which program it was, that showed the work that you do, and I have to say, based on what I know of what you do, I am a great admirer of yours and I appreciate very much the work that you do and the honesty with which you pursue that work.

You have said that you happen to agree with the plank in our Contract With America proposal on welfare reform which would deny benefits to minors who have children. We also have a family cap provision which says that we will not give more cash benefits to women on welfare who have a second or third child. Are there any other suggestions you would give us to try to get at this problem of the underclass?

Mr. MURPHY. I don't know.

Mr. MCCRERY. Changes; incentives.

Mr. MURPHY. Again, I am not an expert, but I do think that for the sake—people say children are going to be harmed by doing things like that. Children are harmed now. Go into the criminal court building, go into the juvenile court, go in the prisons, we see it.

I don't know if it will work, but I think that it is very, very important to treat the underclass with the same dignity and the same respect we do with children in North Shore or in Connecticut or someplace else. And giving them a few bucks when they have a kid is not giving them respect.

If I gave my kid $150 every time he broke a car window he would be out there breaking car windows. There is a culture that we have to understand that is different than the culture in the middle class and poor communities. It is an underclass culture of people 15 years apart that we—I perceive myself as a liberal Democrat—that we liberal Democrats have nurtured and Republican conservatives have nurtured by leaving it alone. I think it is time all of us start to address this problem.

I don't know how to resolve it, but I do think the idea of limiting welfare to kids—we have to send the message out: We expect more of you. I don't know if it will work or not, I am just a lawyer.

Mr. MCCRERY. I am, too, but I am trying hard to work with people like you to try to solve some of the problems we have.

Thank you very much.

Chairman SHAW. Does Ms. Dunn desire time?

Ms. DUNN. Thank you, Mr. Chairman.

I am sorry I missed your testimony, but I just wanted to welcome Ms. Massinga to the panel. Her testimony is very important. As you know, she represents a family foundation based in Seattle, Wash., that we have had good contacts with through my staff.

Thank you, Mr. Chairman.

Chairman SHAW. Thank you. Dr. Bevan, I would like to pursue something that came out at this hearing about foster care. You say it does not encourage adoption. I know in most foster care situations we are looking for family reunification, but once that is gone—and I think we ought to expedite the process by which we determine whether there will be family unification—does foster care still, at that point, discourage adoption?

Ms. BEVAN. Yes.

Chairman SHAW. How does that work? Why does it?

Ms. BEVAN. You can characterize foster care as too much, too little, too soon, too late. Social workers too often intervene in some families that do not need such intervention. Some families, it is clear however, can benefit by that intervention that the family needs lots of services.

One of the things OBRA 1993 did was provide family preservation services. Family preservation services are intended to take a look at the family, provide what they need both in hard and soft services, counseling and refrigerators, and then see if they can do enough to avoid foster care in the first place and to keep the child in the family.

But the purpose of most of the child welfare system is to keep the family intact, to provide temporary placement for kids and then reunite the family. So the whole philosophy is keep the family intact and reunite as quickly as possible. That is fine if you have a family to reunite. Or if there is no tension between keeping the family together and protecting the child.

Increasingly, you have a situation where the family is a crack grandmother and a kid; where the other kids are already in placement or dead, and you have a social worker still trying to give the family a refrigerator and counseling in order to keep them together. It is in those situations, increasingly, that we have to move toward the philosophy of not "adoption as a last resort," not even of long-term foster care as a last resort, but as a "first resort" for increasingly more families.

Social workers have this "rescue mentality" where they are going to come in and they are going to "save this family" and everyone is going to feel good and it just does not work.

Chairman SHAW. To your knowledge, are there any Federal laws or regulations that follow that same thought pattern?

Ms. BEVAN. As I said, if you look at this continuum of services, very often it is not a continuum. The Federal laws basically say, in the 427 protections and the safeguards in the Child Welfare Act, they basically say that the philosophy is to maintain the family, to reunite the family, to rehabilitate the family. That is the tenor of it, which is fine. Obviously, everybody wants to provide services to families. I am not saying we should not. But I am saying there should be some balance, some tension between maintaining a family and protecting the child and promoting the child.

The purpose of child welfare has to be child welfare. And it is not. It is too often not child welfare.

Chairman SHAW. Thank you. I thank you very much and I thank the entire panel. This has been an excellent, excellent panel.

Mr. FORD. Mr. Chairman, could I follow up with one question, if you don't mind?

Chairman SHAW. Sure.

Mr. FORD. Mr. Murphy, I want to go back to the last question you responded to about cutting the teenage mother off and the child off. You also mentioned in your testimony that what we should do is demand excellence.

How do we demand that in a situation that we would cut the cash benefit off for that unplanned child being born by this teenager without some type of a program that would make sure that this mother would go back to school, try to complete her high school education and move into the work force? I mean is that a real answer?

I hear what you are saying and what we are trying to accomplish. Yes, we certainly do not want to send the wrong message to teenagers, we must do something about the teen pregnancy problem in America, but is that a real answer? I listened to your testimony when you said we must demand excellence. Is that a response? Is that the answer to this problem that is out here?

Mr. MURPHY. You know, again, I have to hide behind the fact I am merely a lawyer that goes to court.

Mr. FORD. I know. You have told me you are just a lawyer. I understand that.

Mr. MURPHY. Just based upon the practical experience I have had in 27 years of representing abused and neglected children, of arguing their cases and representing their parents, and doing so in every conceivable tribunal, writing a book about it, I am very frustrated because everything we have tried has made the problem worse.

I don't know if this will not make it worse, but I would set a date as of January 1, 1996 or 1997, so the message gets out. And, yes, by the way, along with that you have to make birth control resources available across the board so that folks in the inner city have the same access to birth control information and resources as folks in the suburbs.

But you get the message out there that this is what we are going to do. What happens if a kid has a child? The family and extended family steps in, the way they have done for years. I think we have to make it as difficult as possible for children to have children.

Mr. FORD. I am in agreement with that. I am just raising the issue on cutting the cash benefit off to that child.

Mr. MURPHY. Kids are being hurt now, Representative Ford. And as you know, maybe better than I do or as well as I do, we have tried everything. We can say we set up little programs and give you a social worker. That is garbage. We give you money, it does not work. I think that we have to try a very tough love approach and say if you have a kid, rely upon your family to raise the kid and support the kid. But if you are 17 or under with no high school diploma and you are not married, we will not give you AFDC.

Mr. FORD. You are in the court system. What impact would that have on Cook County?

Mr. MURPHY. My own view is in the long run the message would get out there. And, as I say, if birth control information and education and resources were available, ultimately—it may take time. Ultimately, children would start having less children.

The underclass is a different culture, as you know, from any other culture. And it is not unexpected in the culture to have children when you are a teenager.

Mr. FORD. What about these kids in the meantime?

Mr. MURPHY. The kids are suffering now, today. They are coming into court ending up in prison. When you have a situation where there are more African-American men in prison——

Mr. FORD. So there is nothing wrong with more and more kids suffering in the meantime?

Mr. MURPHY. I think there would be less suffering because I think many girls, because they are girls and not young women, would delay childbearing to a later age. One of the things that we are pushing are the same microeconomic realities that you and I face on to a teenager and it is hard. It is very hard to say that, but if you sit in court day in and day out and see the shambles of people's lives, I think we have to think hard.

Mr. FORD. Do you agree with that, Ms. Massinga?

Ms. MASSINGA. It is a very tough issue because we do not know what works. On that I think we all agree. I think, however, to say that a young woman who is making an irrational judgment now about bearing a child is going to all of a sudden become rational—I guess I don't put too much faith in that.

I think, yes, we have to do a lot of things, but I think we have to deal with the fact that the rationality that seems to be suggested that would happen automatically because we change the rules, is just not going to happen that easily. So I think we have to really understand the nature of the beast here.

I think that is what Mr. Murphy is saying, and I think part of this is not at all—it is not rational now, it is not going to be rational in the future and we do have to be concerned——

Mr. FORD. Do you think it would increase the abortion rates in this country?

Ms. MASSINGA. I think very likely.

Mr. FORD. Thank you.

Ms. BEVAN. May I respond to that?

Mr. FORD. Please.

Ms. BEVAN. In Chicago for years there was the Salvation Army that took care of and educated unwed pregnant women, a maternity home that prepared black teen mothers to be self-sufficient. We would like to see a return to maternity homes. Take another look at residential homes, supervised settings, whatever you want to call them, safe homes.

But we need to have a place for young moms to bear their children, to learn parenting skills, to promote adoption, if that is part of what they want to do. But to really have a real choice in this country, and to avoid the choice of only having an abortion, we do need to bring back residential settings, supervised settings.

Mr. FORD. Thank you, Mr. Chairman.

Chairman SHAW. I have very little opportunity to associate myself with the remarks of a liberal Democrat, but, Mr. Murphy, I think you have a very clear picture of what is going on, and I think, when we look at what it is, there is a perception out there among young people that it is all right to have a child at an early age; it is all right to have a child before you finish school; that you are going to get benefits, and you are going to get all this assistance. And I think that has sent the wrong message out, and I think it has become an attitude that is fueled with the benefits.

It has been described as tough love, it has been described as heartless, but I do not think there is one member on this committee or one Member in this entire Congress who does not want to go in the same direction. We have differences as to the roads that we will go down, and I think as far as how you handle the situation concerning a young child who is in school, it is going to be one of the toughest roads and it will be the one that we are going to have a great deal of disagreement on.

But when you see the huge illegitimacy rate and you see that the child of an illegitimate situation is more likely to have problems with the law, more likely to drop out of school, more likely to do poorly in school, when you see all of these things come together, then you have to say something is wrong. This system is broken and we have to change it. And I think we have an opportunity that does not come in most lifetimes to really change the system and to make it make a lot of sense.

We are going to disagree around the fringes, no question about that, but we are really coming together, I believe, in defining the problem. And for this Congress to agree, as every member that has sat up here today has agreed that the present system is broken, that gives us direction that I have never seen before in this Congress and I think that is most encouraging. I compliment the members on both sides of the aisle.

I again want to compliment this panel. You have done a wonderful job and we appreciate very much your involvement with us.

Mr. MURPHY. I did have one correction. I said I perceive myself as a liberal Democrat; I didn't say liberal Democrats perceive me as one. I want to make that one correction.

Chairman SHAW. I still associate myself with your remarks.

Dr. Bevan.

Ms. BEVAN. May I respond? If you are going to cut off the welfare benefits for young teenagers, I certainly hope you will look into enforcing statutory rape laws. Because it is clear that these young girls are exploited by older men. The sex is exploitative. These men are much older.

Chairman SHAW. Isn't that incredible, the fathers getting off just absolutely scot-free? They have committed statutory rape in so many instances. That is absolutely incredible. What we used to put people in jail for we just turn our backs on now. There is no price to pay for it. And that is absolutely the stupidest thing we could possibly be doing.

Thank you.

Ms. BEVAN. Thank you.

Chairman SHAW. We are adjourned. I want to thank the subcommittee members of the Economic and Educational Opportunities Committee for joining with us today.

[Whereupon, at 12:55 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

STATEMENT OF MARCIA ROBINSON LOWRY
DIRECTOR, CHILDREN'S RIGHTS PROJECT
AMERICAN CIVIL LIBERTIES UNION

My name is Marcia Robinson Lowry and I am the director of the Children's Rights Project of the American Civil Liberties Union. I'm very grateful for the opportunity to submit this testimony on this important issue.

Ever since the Adoption Assistance and Child Welfare Act (Public Law 96-272) became law in 1980, we have been bringing lawsuits against state and county child welfare systems for violating the minimal standards that are contained in that federal legislation. We represent tens of thousands of abused and neglected children in city and state child welfare systems around the country.

Foster care systems established and funded to serve children are failing, producing only more damaged graduates who will go on to produce new generations of damaged children, who will continue to lead unspeakably tragic lives and who will increasingly tax our public resources.

In 1980, Congress passed good legislation intended to protect children and to ensure that the billions of dollars spent in state child welfare systems was used as the opportunity to help and to protect these children, to intervene in their lives so they could have a decent childhood and the opportunity to grow up into healthy and productive adults.

For the most part, this legislation has been neither monitored nor enforced, and in many instances these huge amounts of federal money have not been used by the states to achieve the goals that Congress intended.

The protections included in this legislation need to be strengthened and enforced, not eliminated. The federal government certainly needs to do a far better job in its oversight of the $3.5 billion dollars in federal funds expended in 1994 for foster care services. It cannot leave these programs unmonitored.

Even with the standards contained in Public Law 96-272, the states have not done a very good job. If Congress eliminates those standards, by providing child welfare funds to the states in a block grant, and if it eliminates federal oversight of federally-funded programs for abused, neglected and dependent children, by eliminating "427 reviews," these children are certain to be damaged even further. The consequences are truly unthinkable.

The issues being considered by this subcommittee today are critically important to the most desperate and vulnerable children in this country:

> The almost 450,000 children in federally-funded foster care, a number which has increased 62% in the last ten years;
>
> The almost 3 million children reported for abuse or neglect in 1992, a 130% increase in the last ten years.

These numbers reflect the heart-wrenching stories of countless children whose care at the hands of their government caretakers has often not met even minimal standards.

> In Milwaukee, 10-year-old Alan talks matter-of-factly of his current foster family being recruited by his aunt distributing flyers in the neighborhood that say, "I'm a little boy. I like soccer. What I really need is a mom and a dad." Alan entered foster care when he was five. His mother abandoned him, and has a history of drug abuse and imprisonment. He has been in five different foster placements, and two unsuccessful returns to his mother, during at least one of which he was abused by his mother's boyfriend. He has been in at least eight different schools. His aunt, who could not care for him herself, advertised for a home for Alan after the child had remained in a temporary shelter for 11 months, and her phone calls to the child welfare agency had not been returned.

> In Philadelphia, a mildly retarded child who had been in foster care for his entire nine years, was taken out of the state by his fourth set of foster parents without his worker's knowledge because the worker had not visited the foster family for over a year and didn't know of their plans to move. His whereabouts were discovered in another state, after he arrived at school with observable bruises. Local police found that the foster parents were controlling his behavior by tying him to a tree.

While we must allow the states to have flexibility in designing and administering their child welfare programs, and in deciding how to meet the standards contained in federal law, we simply cannot assume the states will provide adequate protection to children in the absence of enforceable federal standards and some form of federal monitoring and oversight. This is not an issue of trust; it is an issue of verifying whether the states are, indeed, using federal money to meet certain basic and generally accepted standards. We must remember that these children are more voiceless and powerless than any group in our country, and that if Congress takes away the minimal protections provided by federal law, they will have none.

This subcommittee is addressing the questions of whether the federal reviews required by Section 427 of the Adoption Assistance Act have resulted in better services, and whether block granting federal child welfare services and foster care programs will improve services to children. Since state foster care systems remain so damaging, despite the enactment of Public Law 96-272 14 years ago, it may be tempting to simply try something different. Instead, however, I urge you to make good on the promises of that law, and to take steps to ensure, for the first time, that it is actually enforced.

There are three basic points that must be made.

I. CONGRESS MUST CONTINUE TO IMPOSE MINIMAL STANDARDS NOW CONTAINED IN FEDERAL LEGISLATION FOR CHILD PROTECTION AND CHILD WELFARE SERVICES AS A CONDITION OF FEDERAL FUNDING TO THE STATES.

States are entitled to make their own choices about precisely how to care for their abused and neglected children, but the federal government must be a partner in this process if children are to be protected. Congress is both entitled and obligated to impose these minimal standards because it pays a large share of the costs. It is both necessary and appropriate for Congress to set basic standards on how this money should be spent, and on what general public policy goals it wishes to further.

A consensus exists within the child welfare community, including standard-setting organizations, public administrators, and advocates, about minimal child welfare services and practices that should exist within every child welfare program:

- child welfare agencies must protect children they know to be at risk of harm from abuse or neglect: child-welfare agencies must respond promptly to reports of suspected abuse and neglect and must provide services to protect children who are the subjects of such reports from harm;
- child-welfare agencies must try to keep families together so long as the child can remain safely in the home: before removing a child from his or her home, child-welfare agencies must first attempt to provide services to the child and family in an effort to preserve the family, so long as the child can remain safely in the home;
- child-welfare agencies must try to minimize the time children remain in foster care: for those children who do enter government foster-care custody, child-welfare agencies must provide case planning and services that are geared towards allowing children to

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return home as quickly as possible or, if that is not possible or appropriate, allowing children to be adopted.

- child-welfare agencies must care for children while they remain in foster care: recognizing that most children who enter foster care are already damaged from abuse and neglect and thus often need intensive services, child-welfare agencies must provide services to children in foster care -- including medical services, stable and appropriate placements, educational services, psychological services, and counseling -- that are appropriate to their needs and that will assure that their experience in foster care is a healthy one.

- children are damaged by protracted stays in foster care- while many children need to enter foster care to assure their safety, it is widely recognized that lengthy stays in government custody can be very damaging for them. And in this respect it is essential to understand that for children time has different dimensions than for adults: a year in the life of a child can be an extraordinarily long time. Indeed, for an infant or toddler, the passage of months without a stable and permanent caretaker can be permanently damaging. It is critical that child-welfare agencies move urgently to restore permanence to the lives of children in foster care.

In fact, these practices are currently mandated by the Adoption Assistance and Child Welfare Act of 1980, which Congress passed in response to concerns about children drifting for years in state foster care systems. Though the statute imposes only minimal substantive obligations on states that choose to receive substantial federal funds to support their foster-care systems, it does require that states provide planning and services to children in an effort to shorten their stay in foster care and to protect children while they remain in foster care.

The current provisions in the Adoption Assistance Act, Title IV-E of the Social Security Act, set basic standards for child welfare services without proscribing how a state should meet those standards.

> For example, the law requires that each child have a written case plan that describes the reasons for the child's removal from his/her home and the appropriateness of the child's placement;
>
> each child have a case plan for assuring proper care and the provision of services;
>
> services be directed toward facilitating either the return of the child to his/her parents, or the child's adoption, so that if at all possible, the child be raised in a family and not in government custody;
>
> the child's case plan assures that the child receives proper care for as long as the child remains in foster care;
>
> that the states develop programs to try to keep children out of foster care whenever possible;
>
> that homes or institutions in which children are placed be reasonably in accord with standards recommended by national organizations;
>
> that the status of children in foster care be reviewed periodically in state proceedings to determine their future status.

These standards are neither overly prescriptive, nor are they utopian. Indeed, from the standpoint of protecting children, even more specific standards would be far better. No standards at all, or standards that are unenforceable, would be disastrous.

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Nothing in this statute tells the states how to meet the broad standards in the statute, or what kinds of services or programs should be provided to do so. Eliminating these standards by block granting federal funds will deprive children of all protections.

The problem with the statute is not that it imposes burdens on the states or interferes with the provision of effective services, but that it is simply not being followed. But these protections must remain in place, for a number of reasons.

These protections set guidelines for the states which have some influence on state policy. The protections in federal law provide the standards on which federal oversight efforts must be based. And the protections in federal law provide a basis for advocates to hold the states accountable in the most egregious situations.

At the end of the 1970s, Title IV-A of the Social Security Act, which contained virtually no standards or protections for children, governed the provision of federal funds to state child welfare systems. There were at least 500,000 children in custody at that time, and general agreement that foster care was no more than a custodial system. The legislative history supporting the enactment of Public Law 96-272 clearly expressed Congressional concern about the lack of federal monitoring of the use of federal child welfare funds. In passing the act in 1980, Congress noted that the federal funds provided under Title IV-A had not been used by the states to "move children out of foster care and into more permanent arrangements by reunifying them with their own families when this is feasible, or by placing them in adoptive homes," and that "there were significant weaknesses in program management which had adverse effects on the types of care and services provided to foster children."

Prior to the passage of this federal statute, children in foster care often had no chance at all to ever leave government custody. Adoption was something usually reserved for infants. If it did not take place within the first several months of a child's life, the child was considered unadoptable. A few examples:

> Carlos entered foster care when he was 13 months old. He lived in an institutional nursery for several years, a series of foster homes and institutions. When he expressed grief over his father's death, he was committed to a state mental hospital. When he turned 16, he was imprisoned for an altercation with a child care institution security guard. He is now 28, lives on the street, and has two children in foster care. There was nothing extraordinary about his case and nothing that happened to him violated the legal standards applicable prior to the passage of Public Law 96-272.
>
> Susie, two, and Donnie, three, were discovered in a closet, where their mother had left them because they had misbehaved. Despite their early neglect, they were still in relatively good psychological shape. They spent their next 13 years in foster care, where Donnie listened on the other side of a closed door while Susie was repeatedly sexually abused by one of their temporary foster parents.

After Public Law 96-272 was enacted, there were some limited improvements in state systems. For example, much more serious attention was paid to developing services to families to prevent abuse and neglect, and to avoiding the need for foster care; to getting children adopted; and to moving children from large, expensive custodial institutions into more family-like settings. State agencies, many of which had previously had conducted almost no planning for children once they entered state custody, became aware of the need to develop written case plans for children and, through those plans, became increasingly aware of the need to set goals and determine the steps to accomplish those goals for children. Within the first several years of implementation, the national foster care population dropped to 270,000 children.

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However, these advances were short-lived, for several reasons unrelated to the statute itself but at least partly related to its enforcement.

States soon learned that the federal enforcement mechanism provided in the statute, the 427 review as it was developed by the federal Department of Health and Human Services, was not, in fact, a rigorous, thoughtful monitoring mechanism. Very few states failed these reviews -- indeed, advocates quickly learned that any state that failed a federal 427 review had a system in which children's lives were in jeopardy, to say nothing of their emotional well-being. One reason for this might have been that the only sanction provided by the 427 review to process was the denial of federal funding, a draconian sanction to impose on a child welfare system already unable to provide minimally adequate services to children. And then, in 1989, Congress suspended the availability of the federal funding cut-off, providing no sanctions at all for failing a federal 427 review.

It seems very reasonable to conclude that the failure of the federal government to either conduct meaningful reviews or to enforce the requirements of the federal law made it clear to the states that there would be no consequences -- at least at the federal level -- to their failure to comply with the law.

In addition, however, other factors were at work. State systems in need of widespread reform if they were to meet the minimal goals of the federal statute had barely had time to start developing their own approaches when circumstances changed. The number of reports of suspected abuse and neglect exploded, with a 130% increase from 1984 to present, an explosion related both to greater public awareness and better reporting procedures but also correlated closely with drug abuse, homelessness, and other serious social dislocations that have devastating consequences for children and their families. Second, children began entering foster care at a younger age, staying longer and manifesting increasingly serious problems -- related in part to increased drug abuse by women -- problems that make it that much more challenging to treat these children and find them permanent homes. Finally, there have been substantial reductions in state and local support for social-service systems, reductions that have robbed child-welfare agencies of critically needed staff and service resources.

Given these forces, and the lack of federal effort to ensure implementation and enforcement, it should be no surprise that foster care systems are failing. However, it would be wrong to conclude that the Adoption Assistance Act has contributed to that failure. Rather, these systems are failing despite the statute's protections and despite the considerable federal resources that the statute provides.

A consensus exists in the child advocacy community about the importance of legally enforceable protections for children in foster care. This consensus is based on a number of factors:

- Children in foster care have no say in the political process- Children in foster care can't vote, usually have no way of communicating with anyone (much less with their elected representatives), and don't have fancy lobbyists or influential PAC's. Indeed, our citizens who are in foster care -- abused and neglected children -- are probably the most politically helpless group in our society. Because of this, it is essential that they have guarantees of minimal care and protection that can be legally enforced.

- Foster care systems are cloaked in secrecy that often is used to conceal illegal and unconscionable practices- Every state in the country cloaks its foster care system in secrecy, prohibiting the disclosure of any information about children's experiences in foster care. Though these statutes often were enacted to protect children, they routinely are used by state officials to conceal illegal and unconscionable practices. Given this secrecy, it is essential that there be the type of external oversight of these systems that legally-enforceable protections provide. Indeed, it

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has only been through litigation that many of the worst foster-care practices have been exposed.

- Children in foster care are in government custody- Every child who is in foster care is in government custody. Our society long has recognized that when the government takes custody of an individual, there must be basic legal protections to assure that custody is not inappropriate or abusive. Given the serious problems that pervade many state foster care systems, it is particularly important that children in foster care have such legal protections.

In light of these considerations, it is absolutely essential that Congress assure that children in foster care have minimum protections that are legally enforceable. And given the consensus within the child-welfare community, it is clear that those legally enforceable protections should at least include the standards currently contained in federal law, which could be eliminated if foster care funds were block-granted.

It is impossible to say whether child welfare systems now operate in a way that is more harmful to children than the systems that Public Law 96-272 was designed to improve. It is fair to say that many are not meeting even the minimal goals contained in that law. It is also fair to say that we are squandering the opportunity to ensure that the very large amounts of federal and state money spent on child welfare services be used to benefit, rather than harm, our country's poorest and most vulnerable children.

The solution is not to eliminate the minimal protections we have. The solution is to make these protections more effective.

II. **THERE MUST BE ADEQUATE FEDERAL REVIEW AND OVERSIGHT TO ENSURE THAT THESE STANDARDS ARE APPLIED**.

This subcommittee is concerned with the question of whether the 427 reviews have, thus far, served to improve the lives of children. For the most part, the answer to that question is no. However, that does not mean that another form of federal oversight would not bring about a different answer. Congress was concerned about the lack of federal oversight in 1980; it should be equally concerned today. While we are critical of the Section 427 reviews that have taken place thus far, we very strongly endorse the need for meaningful, effective oversight, which can and should be provided under Section 427 of the statute. That is not to say that section 427 could not be improved. But even as presently enacted, that section 427 provides a basis for adequate monitoring, if the procedures that are developed under the statute -- about which HHS has broad discretion -- are well-planned and meaningful. The procedures that have been utilized in the past were not.

Section 427 of Public Law 96-272 provides that states must meet certain criteria related to the broad goals in the Adoption Assistance Act in order to qualify for additional federal payments. It does not specify how the federal government should make the determination of whether those criteria have been met.

In the past, the Department of Health and Human Services chose to comply with this provision of the law by conducting what this subcommittee is referring to as the "427 reviews." It would be hard to find many people who believe the reviews, as previously conducted by HHS, tell anybody anything about whether states are protecting children, or meeting the broad goal of trying to ensure that children grow up in families -- either their own, or adoptive -- whenever possible.

As originally enacted, section 427 of the Adoption Assistance Act required states to provide minimal services and have certain systems in place in order to receive child-welfare funds under the statute. In an effort to assess whether states were complying with these minimal mandates, the Department developed a process that involved an overview of state systems as well as a review of a very small number of case records of children in the state's foster-care program. Based on this review, the Department would then declare whether the state was or was not complying with the mandates of section 427. Those states that were out of compliance were to be declared ineligible for federal reimbursement for the fiscal year to which the finding of noncompliance applied.

As an initial matter, the review methodology was hopelessly inadequate. For instance, under that methodology, the Department could look at as few as 25 cases, regardless of how many tens of thousands of children were in a state's foster care system, in concluding that the state was complying with the statute. The shortcomings of the methodology were best demonstrated in 1989, when the Department declared that the District of Columbia had passed its 427 review shortly before a federal judge described the DC system as a "travesty" and found the whole system to be operated illegally in violation of the Adoption Assistance Act as well as the federal Constitution and statutory law of the District of Columbia.

Now, in addition to the fact that Congress suspended the funding sanction for states that failed 427 reviews, HHS has also suspended the reviews themselves. It is my understanding that HHS has been working on new procedures to provide more effective and meaningful reviews. Whether this new version of the 427 reviews will indeed, be better, remains to be seen. But it is clear that effective and efficient federal reviews can be designed to determine whether children are being protected and whether the minimal goals of 96-272 are being met.

However, it is absolutely essential that the federal government not shirk from its oversight responsibilities on behalf of children who are in state custody, or at risk of entering custody, and for whose benefit large amounts of federal money have been appropriated. Section 427 imposes no constraints on HHS' development of an effective and meaningful monitoring process, does not dictate either the scope or the extent of the reviews, and provides wide flexibility to develop reviews that are not unduly burdensome but which nevertheless allow the federal government to protect these children.

Congress went a step further in ensuring the potential effectiveness of 427 reviews by its passage of H.R. 5252 in the 103rd Congress. This bill provides for a far more constructive and far less intrusive new review process. Under this new bill, states substantially complying with the broad goals of the federal law will be reviewed less frequently. States which "fail" the new 427 review will have the opportunity to implement their own corrective action plan, with the provision of technical assistance. The bill still makes federal sanctions available, but provides far more opportunity for non-complying states to bring themselves into compliance with the federal standards, without being penalized by the loss of federal funds while trying to do so.

While the "427 reviews" utilized over the last 14 years have not demonstrably improved the lives of children, they were very deeply flawed. That does not in any way eliminate the need for adequate 427 reviews, Congressional oversight and protection for these children. Without impugning the concerns of many at the state level for their state's neglected and abused children, the inescapable fact is that too many states have a demonstrated record of failing to protect the children in their custody.

III. THE STANDARDS SET BY FEDERAL LAW MUST BE LEGALLY ENFORCEABLE.

In the absence of specific, enforceable federal standards, such as currently exist in the federal Adoption Assistance Act, the half-million children in government custody have few rights against their state custodians, if these custodians fail to meet the minimal standards and provide basic protections to them.

Although the states are entitled to discretion to determine the best way to meet the federal standards and to provide proper care for children, what programs are most effective in trying to ensure permanence for children, and how best to provide services to these children. However, the states should not have the flexibility to take millions of dollars in federal funds and not even make efforts to meet these very broad goals, or to operate their child welfare system in such a way that makes the achievement of these goals impossible.

For example, to take some real-life illustrations, state child welfare systems in which the telephone lines set up to receive abuse reports often go unanswered are not making efforts to protect children. States which leave children in unlicensed and unsupervised foster homes are not experimenting with new program designs. States which determine that abandoned three-year-old children are unadoptable -- without trying to recruit adoptive parents for them -- are not trying to find permanent homes for children. States which fail to provide any treatment at all for sexually abused children are not providing services to meet children's needs. Nevertheless, and regrettably, these situations exist in too many of our cities and states -- all of which operate federally-funded children welfare systems.

The standards currently contained in federal law do not permit advocates to challenge a state for violating federal law based on the view that one approach to children's services may be better than another. It does permit advocates to seek protection for children, however, when a state does not even develop its own reasonable approach. Without such standards, and the right to enforce these standards, children are entirely without protection.

Increasingly, and in some measure because the federal government has not itself ensured meaningful implementation of the law, the standards in federal law have been used as the basis for lawsuits on behalf of abused and neglected children. For example:

> In the District of Columbia,caseloads were so high that one worker testified she couldn't develop plans for children -- she just wanted to make sure that all the children on her caseload were still alive. Almost no children were adopted, because the District did such a poor job of recruiting adoptive parents and making children legally available for adoption. Young children lived for years in expensive emergency institutions because foster parents weren't recruited or screened, and there were virtually no services to either help parents keep their children at home, or to help them take children back from foster care.
>
> In addition to being extraordinarily damaging to children, the Washington, D.C., foster care system wasted extraordinary amounts of money. Children were kept in the most expensive but unsuitable kinds of care, and left in foster care when they could have been discharged either to their parents or to adoptive parents. The computer system was so outdated that over a million dollars was being paid to foster parents who no longer cared for children but whose names had never been taken off the rolls.
>
> After a successful lawsuit was brought, problems remain but a great deal has already changed: training was instituted for all workers; the number of workers tripled; foster homes are now being visited and supervised; hundreds of children are being adopted; special units have been created to help children stay out of foster care by providing short-term help to their parents; and the response to child abuse and neglect reports has become more timely.
>
> Now, because of continuing difficulties, outside experts have been brought in by the federal court to help the District solve some of its problems that continue to put children at risk.
>
> LaShawn had spent her entire six years in foster care when the case went to trial, and was matched with adoptive parents because of the lawsuit. Her adoptive father said that when

> she came to live with his family, she didn't even know how to jump rope, tie her shoes, or play with other children. "This was a little girl who didn't know what a hug was. She didn't know what love was," he has said.

Although the problems in the District of Columbia are well known, the problems in its child welfare system are not, unfortunately, unique to this city.

Other systems have had similar problems,and lawsuits there have produced similar results.

> In Connecticut, a lawsuit was filed after the state social services commissioner likened the system to a "hospital emergency room" and decried the "senseless, merciless destruction and devastation of our children." The state agency was failing to investigate 60% of the children reported as abused or neglected. The medical needs of children in state custody often did not receive routine medical care, foster parents were so underpaid that committed foster parents had to reach into their own pockets to buy adequate food and clothing for children, limiting the number of people willing to provide homes for children. Connecticut had many of the same problems afflicting the Washington, D.C. system.
>
> A lawsuit filed in 1989 resulted in a consent decree approved 13 months later. Since then the state has been moving forward with implementation, sometimes unevenly, but with the clear goal of improving services for children in the state. Among the many achievements: a 50% reduction in caseload, so workers can provide better services to children; the creation of a training academy; the development of statewide policies; and an increase in payments to foster parents to meet minimal government standards for the care of a child.
>
> In New Mexico, an adoption system was created where none existed, and where one-third of the foster care population was characterized by a state report as being "in limbo," after a lawsuit based on federal law was filed.
>
> In Kansas, a lawsuit based in part on federal law and relying on the results of a state auditing agency that concluded that protective service investigations were not taking place as required by law, that children were not receiving case plans and were being placed in dangerous foster homes, and that few efforts were being made to have children adopted when they could not be returned to their parents, resulted in a consent decree that incorporates a statewide reform plan.

It would have been difficult to have produced these benefits for children without being able to rely on the specific standards contained in federal law, and which Congress is considering eliminating through block granting.

It is an extraordinary fact that for many children in federally-funded state foster care, their time in government custody will be more damaging than the abuse or neglect they suffered originally. It is extraordinary that this is taking place at the expense of the federal taxpayers. For the most part, states have not complied with the existing minimal protections afforded to children in existing federal law. Nor is there any evidence at all to suggest that the existence of the law or of the 427 reviews were in any way responsible for the deplorable state of child welfare services nationally. Eliminating rather than strengthening these protections, and the possibility of effective federal oversight, by block-granting federal child welfare services and foster care programs to the states will surely not provide any benefits to children. It will only leave them more vulnerable and unprotected than they already are.

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STATEMENT OF
THE AMERICAN PSYCHOLOGICAL ASSOCIATION

The American Psychological Association (APA) is the largest scientific and professional organization representing psychology in the United States. APA's membership includes more than 124,000 researchers, educators, clinicians, consultants and students. APA's mission is to advance psychology as a science, as a profession, and as a means of promoting human welfare. APA has a long history of involvement in social policy that affects children, youth, and families. Many of our members conduct research on topics of concern to this demographic group including child development, child care, child neglect and abuse, foster care, and adolescent pregnancy.

APA believes that public policy should be based on sound research. This is particularly important when the welfare of millions of families with young children is at stake. If policy fails to incorporate current research knowledge in its design, it may not only fail to achieve its objectives, but it may have unintended negative consequences. It is particularly important given current fiscal constraints to ensure that public spending achieves its objectives.

In the current welfare reform debate, we are concerned that policies aimed at reducing the extent of nonmarital childbearing and welfare dependency not have a negative impact on the physical and mental health and wellbeing of mothers and children, particularly adolescent mothers and very young children. It is important to remember that the major goal of welfare reform should be to reduce the number of children in America who are growing up in poverty. Efforts to reduce nonmarital childbearing by women who cannot afford to support their children is just one component of reform and should not be pursued without reforming the many other aspects of the system that fail to address the needs of families with children.

Policies Aimed at Influencing Childbearing

Before formulating policies aimed at influencing reproductive behavior, it is necessary to have a clear understanding of the many factors that influence this behavior. There is an extensive theoretical and research literature on the determinants of fertility in several major fields: psychology, social demography, sociology, anthropology and economics. In addition, national governments and international organizations collect and analyze data on fertility and related variables, for example, the U.S. National Survey of Family Growth and the World Fertility Survey. General socioeconomic studies, studies on the microeconomics of fertility, and psychosocial studies comprise the largest bodies of research.

Much of this research seeks to explain differences in population growth rates and in the Total Fertility Rate (TFR) (the average lifetime number of children born per woman), which can range from a high of seven children in some African countries to less than two in some European countries. Governmental concern about reproductive behavior is generally focused on these aggregate fertility trends and policy responses are of two types: pronatalist -- based on concern about too low fertility rates (Eastern and Western Europe) and antinatalist -- concerns about too high fertility rates (most less developed countries, India and China being the most generally known examples).

However, governmental concern is also focused on the fertility of particular groups. In the U.S. in the 1960's and 1970's, concerns about population growth generally, and the higher fertility of women of lower socioeconomic status (SES) relative to that of women in higher SES groups, led to the federal funding of family planning services for poor women through Title X of the Public Health Service Act. Currently, there are concerns in both the U.S. and some European countries about nonmarital fertility rates, particularly among adolescents. It is unlikely that this would be a major governmental concern if the women having children out-of-wedlock did not require taxpayer supported financial assistance. Clearly, it is the nonmarital fertility of poor women, and adolescents in particular, that is the primary focus of the current welfare debate. However, while much of the debate is focused on how to influence the behavior of single females, it is important to remember that historically, the welfare of children has been the central concern underlying the provision of welfare benefits, and children's welfare should be the focus of the current debate as well.

When seeking to explain large differences in total fertility rates such as those between the industrialized countries and the developing countries, demographic, cultural and general socioeconomic variables can explain much of the variance. When the total fertility rate is low, as it is in the U.S., explaining variations in fertility related to age at first birth, the timing of births, and marital status, requires an approach that looks more closely at psychosocial and microeconomic variables to explain reproductive behavior. Accordingly, our testimony today will focus primarily on research in these areas.

The Need to Target Reforms to Reduce Welfare Dependency

There are several categories of women who receive AFDC benefits, and policies directed at one category may not be appropriate for another. Women receiving welfare are not a homogenous group. They may be separated, divorced, widowed, or never-married; they may have had children as teenagers or in their twenties or thirties; they may never have completed high school or they may be college graduates; they may have extensive employment experience or none; they or their children may have physical or mental health problems or disabilities; and they may be short- or long-term recipients of benefits.

The category of women causing the most concern among policymakers and the public is the group of never-married, long-term recipients of AFDC, particularly those who first received benefits as teenage mothers. A recent GAO Report found that the proportion of single mothers in the general population who have never-married was 36 percent in 1992, while the proportion of never-married single mothers receiving AFDC was 52% (GAO, May 1994). From 1976 to 1992, about 42 percent of all single women receiving AFDC were, or had been, teenage mothers (GAO Report 94-112, 8). Given that current and former teenage mothers comprise a large and costly proportion of all female-headed families receiving AFDC, the GAO report concluded that assistance to gain and retain employment should be aimed at teenage mothers.

Similarly, other analysts have concluded that reducing welfare dependency will require a reduction in the level of nonmarital childbearing by adolescents. It is often stated that the current policy of paying cash benefits through the AFDC program is an incentive for adolescents to have children so they can set up independent households. On a conceptual level, it is difficult to argue against the notion that an incentive for teen parenting exists within AFDC. The question is whether the incentive -- or the lack of an economic disincentive -- is strong enough to shift the behavior of adolescents. Do adolescents actually become pregnant in order to receive welfare benefits? Or are adolescents -- once pregnant -- more likely to bear and keep their children because welfare benefits enable them to do so? Do adolescent mothers bear additional children in order to increase the size of their benefit? And if so, how can we change this behavior without harming children?

Psychologists and other social scientists have conducted a great deal of research to attempt to answer these and other questions related to motivations for childbearing. A brief review of this research follows, with an analysis of its findings as they bear on important welfare policy questions.

Reducing Adolescent Childbearing

A major goal of the Personal Responsibility Act (H.R. 4) is to reduce nonmarital childbearing. Provisions in H.R. 4 aim to do so by denying benefits to unmarried women under 18 who have children and by capping benefits so that no payments will be made for additional children born while the mother is on welfare. While intuitively this may seem a logical approach, when the reasons for adolescent childbearing are considered in their entirety, it is unlikely that such policies would have the intended effect for the majority of adolescents. Adolescent childbearing is a complex behavior that involves several decisions (Hayes, 1987). Each of these decisions is influenced by a number of inter-related demographic, economic, social, and psychological factors (Adler, 1994; Hayes, 1987). Before examining the factors that affect this decision-making process, we will first examine whether there is support for the hypothesis that welfare benefits provide economic incentives for adolescents to give birth out-of-wedlock.

Welfare Benefits and Nonmarital Childbearing

The availability of welfare benefits appears to be a popular explanation for the rise in the number of households headed by unwed adolescent mothers. The assumption underlying this view is that AFDC and other welfare benefits serve as an incentive -- or at a minimum decrease the disincentives -- to bear children out-of-wedlock and to remain unmarried.

The welfare incentive explanation for rising teen pregnancy rates dates back to the early 1960's, but received greatest attention following the publication of Charles Murray's analysis of federal welfare policy in 1984 (Murray, 1984). Over the past decade a number of scholars have attempted to evaluate the effect of welfare benefits on adolescent pregnancy rates. The question of concern to researchers, and certainly of interest to policymakers, is whether the incentive is strong enough to affect the behavior of adolescents. Does the presence of welfare benefits play a significant role in adolescents' fertility-related behavior?

While there is not complete unanimity of opinion among researchers on this question, two relatively recent reviews of the welfare incentive literature conclude that welfare benefits do not serve as a reasonable explanation for variations in pregnancy and childbearing rates among unmarried adolescents (Duncan, Hill, & Hoffman, 1988; Moffitt, 1992).

Several recent studies also failed to find evidence supporting the welfare incentive hypothesis. A study by Moore, Morrison, and Glei (1994) did not find AFDC benefit levels or a host of other welfare-related variables to predict either age at first sexual intercourse or contraceptive use. For females, only welfare receipt by both their mothers and grandmothers predicted intercourse at younger ages, and only maternal welfare receipt predicted non-use of contraception. The authors conclude that lowering AFDC benefits will not affect the sexual or contraceptive behavior of adolescents.

In a study using data from the nationally-representative Panel Study of Income Dynamics (Duncan and Hoffman, 1990) the authors found that AFDC benefit levels had only weak, non-statistically significant effects on out-of-wedlock childbearing for Black adolescents. In contrast, there was a strong and statistically significant relationship between measures of economic opportunity and the probability of AFDC-related births among unmarried adolescents.

Using the same data set but a different analytic procedure, other researchers (An, Haverman, and Wolfe 1993) concluded that the level of welfare benefits was not significantly related to out-of-wedlock adolescent childbearing. Consistent with other researchers (Moore, 1994) these researchers found that the most important predictors of adolescent females' fertility were their mothers' characteristics: years of school completed, receipt of welfare, and age at first birth.

Another recent study (1994) also failed to confirm the welfare incentive hypothesis. In this study, AFDC benefit levels did not significantly affect the incidence of out-of-wedlock first births, or subsequent births for AFDC recipients. Factors that were found to have a greater effect on fertility include a woman's educational attainment and upbringing in a two-parent family.

There are a few studies that have found a positive association between AFDC benefit levels and adolescent pregnancy or out-of-wedlock birth rates. However, most of these have methodological problems, and in each study, the relationship held only for White adolescents. In one study, although the author found that AFDC benefits were related to out-of-wedlock births for White adolescents, she concluded that AFDC does not affect the overall birth rate for teens (Ozawa, 1989). Rather, once an adolescent is pregnant, it seems to influence the decision whether to marry the father. However, this effect was only present for White adolescents.

In another series of studies, the authors found a relationship between AFDC benefit levels and adolescent childbearing for White but not Black adolescents (Plotnick, 1990; Lundberg & Plotnick, 1990; Lundberg & Plotnick, in press). However, the authors caution that some of the findings are statistically unstable, making their conclusions less than definitive. A final study by Murray (1993) also found a significant relationship between welfare benefits (in this study, a combination of AFDC cash benefits and food stamps) and nonmarital childbearing rates, but also, only for White adolescents. As was the case with the other studies just cited (Ozawa, 1989; Plotnick, 1990), only aggregate state-level data were used rather than individual level data. As a consequence, the small sample size (n=50) renders the statistical results very unstable, leading all of the researchers to offer caveats with respect to the conclusions.

In response to the public debate over the policy implications of the presumed "incentive effect" for teen pregnancy, a group of 77 poverty researchers signed a statement ("Welfare and Out-of-Wedlock Births: A Research Summary," 1994) asserting that the accumulated research indicates that "welfare has not played a major role in the rise of out-of-wedlock childbearing (p.1)." The group includes several researchers whose work is often cited in support of restrictive welfare proposals (Plotnick, Ozawa). These researchers concluded that the "family cap" and similar proposals intended to reduce or eliminate welfare for children born out-of-wedlock will do little more than inflict additional harm and further compromise the development and life prospects of children who already face deprived circumstances.

Demographic, Social and Psychological Influences on Childbearing

As mentioned previously, adolescent childbearing is a complex behavior encompassing several discrete yet interrelated steps, each requiring a decision: whether to initiate sexual activity; whether to use contraception and, if so, what type; if pregnant, whether to terminate the pregnancy or give birth; and if choosing to give birth, whether to marry before the birth, and if not, whether to give the child up for adoption (Hayes, 1987). To understand why unmarried adolescents have children it is necessary to examine each of these decisions and the many factors that influence each one.

1. Initiating Sexual Activity

The first decision is whether to initiate and engage in sexual activity before marriage. Research has shown that the majority of adolescents (70 - 80%) are sexually active (Alan Guttmacher Institute, 1981; 1994; Blau & Gullotta, 1993; Burt, 1986; Westoff, Calot, & Foster, 1983) and initiate this activity before marriage -- on average eight years before marriage (Alan Guttmacher Institute, 1993b; 1994; Forrest, 1993). Factors that influence the decision to engage in sexual activity include personal and family characteristics and peer group influence. For many female adolescents, the initiation of sexual activity is not a decision because coercion is a significant factor affecting early sexual experience.

Personal characteristics include the following:

Age at Puberty. One hundred years ago, the average age at menarche for adolescent females was 14.8 years. In 1988, the average age was 12.5 years. Some adolescents begin to menstruate as early as 10 years of age (Alan Guttmacher Institute, 1994). The early onset of puberty is associated with early initiation of sexual activity, but this relationship is mediated by gender, race, and social factors. The onset of puberty is the strongest determinant of sexual initiation for males (Alan Guttmacher Institute, 1994). For Black females, puberty strongly influences whether they will initiate sexual activity at an early age; whereas, for White females, other social factors, such as their family structure and the sexual activity of their friends, have more influence than the onset of puberty (Alan Guttmacher Institute, 1994; Udry & Billy, 1987).

Age of the Individual. The older the adolescent, the more likely it is that he or she will have had intercourse (Alan Guttmacher Institute, 1994; Hofferth & Hayes, 1987).

Race and Socioeconomic Status. Black adolescents of both sexes initiate sexual intercourse earlier than their white counterparts (on average about one to two years earlier) and at every age more Black adolescents than White Adolescents engage in sexual activity (Alan Guttmacher Institute, 1994; Zelnik, Kantner & Ford, 1981; Bauman and Udry, 1981; Forrest, 1993; Hofferth & Hayes, 1987; Newcomer and Udry, 1983). The differences are believed to be too large to be explained by differences in physical maturity (Hayes, 1987). There is disagreement over the source of these racial differences. Some researchers attribute it to differing socioeconomic status, others to differences in social and cultural mores related to the acceptability of early sexual behavior.

Religiosity. Religion does not appear to be an important factor influencing the initiation of sexual activity, but religiosity is (Inazu & Fox, 1980; Zelnik et al., 1981; Jessor & Jessor, 1975; Hayes, 1987). Thus, nominal affiliation, that is, being a Catholic, does not predict delayed intercourse, but devout observance of religious customs does.

Intelligence, Academic Aspirations, and Achievement. Several studies have shown a positive relationship between low intellectual ability, low educational goals, low academic achievement, and early initiation of sexual activity among both Black and White adolescents (Furstenberg, 1976; Udry, Bauman, & Morris, 1975; Jessor & Jessor, 1975; Jessor, Costa, Jessor, & Donovan, 1983). This relationship, however may be mediated by numerous other social, economic, psychological and situational factors such as parents' level of education, and parents' expectations for their daughters, which may influence their daughters' own expectations (Hayes, 1987). Children with more educated parents tend to be more goal-oriented and place more value on achieving (Hayes, 1987).

Family Characteristics include the following:

Parent-Child Communication. There has been little research on the affect of family characteristics on early initiation of sexual activity and the evidence has been conflicting (Miller, Christopherson, & King, 1993). For example, one study found no relationship between parent-child communication and the initiation of sexual intercourse (Moore, Peterson, & Furstenberg, 1986); another questioned the causal direction of the relationship (Hofferth, 1987); and others argue that good parent-teen communication among specific subsets of adolescents can help to postpone sexual activity (Inazu & Fox, 1980). Similarly conflicting results have been found when studying the relationship between parental supervision and early sexual activity.

Mother's Age at Initiation of Sexual Activity. There is a strong relationship between mother's early sexual activity and the activity of her daughter (Newcomer & Udry, 1983).

Family Structure. Adolescent females who live with both parents are less likely to initiate sexual activity at an early age (Alan Guttmacher Institute, 1994; Newcomer & Udry, 1983). It is possible that single parents are less available to communicate values and to supervise children, and that lack of parental (especially maternal) attention and affection may lead adolescent females to seek attention and affection in sexual relationships (Hayes, 1987).

Peer Group Influence. A final major factor in determining an adolescent's decision to engage in sexual activity is peer group influence. Adolescents frequently cite peer attitudes and behavior as the single most important factor affecting their own behavior (Miller et al., 1993). Many adolescents act on their perceptions of their peers' attitudes and behavior, whether or not their perceptions are correct (Adler, 1994; Hayes, 1987). Some research has found that peer influence is a less important factor for Black adolescents and that White adolescent females appear to be the most susceptible to peer influence (Crockett & Chopak, 1993; Hayes, 1987; Miller et al., 1993). In some instances, extreme forms of peer pressure can be viewed as a form of mild coercion.

Coercion. Finally, many adolescents – particularly females – are coerced into early sexual activity. Coercion may range from verbal intimidation and threats to sexual assault. Adolescent females are subjected to all types of coercion. Studies indicate that among adolescent females who have their first sexual experience at the age of 15 or younger, over half report that the sexual experience was *not* voluntary (Alan Guttmacher Institute, 1994; Laumann et al., 1994; Moore, Nord, & Peterson, 1989). This percentage increases to almost three-quarters of females whose first sexual intercourse occurred before the age of 14 (Alan Guttmacher Institute, 1994; Moore et al., 1989). Females may be pressured by males in part because some males are subjected to ridicule by their peers if they don't engage in sex. Such ridicule could be considered a particularly strong and negative type of peer influence, but also has an element of coercion. Descriptive research about sexual activity among poor Black inner city youth portrays sexual activity as a game, with adolescent males continually trying to have sex with as many females as possible, and coming up with elaborate schemes to do so. The females are described as often aware of what the males are trying to do, but that the boy is often several years older than the girl and uses his older age authoritatively to convince or pressure her to have sex (Anderson, 1994). Adolescent males may be pressured by their peers to engage in sex with multiple partners in part because peers indicate that there's something wrong with them if they don't.

2. Contraceptive Use

The next decision in the process that can lead to adolescent pregnancy is whether or not to use contraception to prevent pregnancy. Variations in contraceptive use include those who always use it, those who never use it and those who use it sporadically. Among those who use contraceptives, other important factors are the effectiveness of the particular method chosen, and the effectiveness of use, e.g. the proper use of barrier methods such as diaphragms.

About two-thirds of adolescents use some form of contraception the first time they have intercourse (Alan Guttmacher Institute, 1994); however, many do not use contraception properly or effectively, although this problem is not unique to adolescents (Alan Guttmacher Institute, 1994). Only 40% of sexually experienced adolescent females visit a family planning clinic or doctor to obtain medically prescribed contraceptives within a year after their first sexual intercourse (Alan Guttmacher Institute, 1993b; 1994). Most sexually-active adolescent females rely on over-the-counter methods of contraception before consulting a medical professional, and may not know how to effectively use the various forms of contraception (Alan Guttmacher Institute, 1994).

There are several factors affecting contraceptive use. The most important are:
Age. The older an adolescent female, the more likely she is to use contraception, to use it regularly and effectively (Alan Guttmacher Institute, 1994; Hayes, 1987; Zabin & Clark, 1981) and to use a medical method of contraception, most likely oral contraceptives (Alan Guttmacher Institute, 1994; Zelnik et al., 1981). Younger adolescents females are more likely to rely on male, and less effective methods of contraception (e.g. condoms, withdrawal; Alan Guttmacher Institute, 1994)) and are more likely to use contraception sporadically. When differences in age at first sexual intercourse are controlled, contraceptive use by Black adolescent females is similar to that of White adolescent females. However, age has little effect on contraceptive use at first intercourse for adolescent males (Hayes, 1987).

Knowledge of Reproduction and Contraception. Accurate knowledge about the physiology of reproduction and methods of contraception are associated with contraceptive use (Blau & Gullotta, 1993; Hayes, 1987). Many studies have found knowledge of basic conception and contraception among male and female adolescents to be deficient enough to prevent regular effective use of contraception (Blau & Gullotta, 1993; Zelnik & Shah, 1983). Many adolescent females have misconceptions about their risk of pregnancy, particularly if they've already had intercourse

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without contraception and did not get pregnant (Moore et al., 1986; Adler, 1994). Some very young adolescents may not have acquired the cognitive skills necessary to make an accurate assessment of the risk of pregnancy (Cobliner, 1981; McAnarney & Schreider, 1984). Fear that some forms of contraception (e.g. oral contraceptives) will have negative health consequences, and discomfort with particular methods also inhibit contraceptive usage (Adler, 1994; Forrest & Henshaw, 1983).

Acceptance of One's Sexuality. Adolescent females who are psychologically comfortable with being sexually active are much more likely to seek and use contraception. Conversely, adolescents who are uncomfortable, ambivalent or guilty about their sexual behavior may be inhibited from seeking out and using contraceptives (Adler, 1994; Blau & Gullotta, 1993).

Stability in Sexual Relationship. Several studies show an association between the stability and level of commitment in a relationship and the use of contraception (Herold, 1980). Certain contraceptive methods require planning and an adolescent who is in a long-term relationship is more likely to be having sex on a regular basis and therefore able to anticipate and plan for contraceptive use (Alan Guttmacher Institute, 1994). Research has shown that many adolescents who engage in sexual activity do so sporadically and with little forethought and so are not prepared to use contraception (Crockett & Chopak, 1993).

Academic Aspirations. For both Blacks and White adolescents, those who have strong achievement orientations and clear goals are more likely to use contraception (Adler, 1994; Alan Guttmacher Institute, 1994). Also, the better educated an adolescent female's parents are, the more likely she is to use contraception (Alan Guttmacher Institute, 1994; Zelnik et al., 1981).

Self-Esteem and Internal Locus of Control. Adolescent females who have high self-esteem and believe they have control over most things in their lives are more likely to use contraceptives effectively than are those females who have a low sense of competence and control over shaping their own lives (Adler, 1994).

Parental Support and Control. Several studies show that when the mothers of adolescent females have greater knowledge about contraception, convey positive attitudes about contraception, and are more likely to discuss contraception with their daughters, they are more likely to positively influence their daughters' use of contraceptives, even if communication is infrequent (Furstenberg, 1976; Fox, 1981; Hayes, 1987).

Access to Family Planning Services. Many adolescent females, particularly lower income adolescent females, rely heavily on family planning clinics for their contraceptive needs (Donovan, 1995). For many lower income adolescent females who do not have access to such clinics, contraceptive supplies and services may be too costly. As a result, they may have to rely on less-costly methods that may be more difficult to use successfully (e.g. condoms) or that have a lower rate of effectiveness than do medical methods (e.g. oral contraceptives), which can only be obtained from a physician or a family planning clinic (Donovan, 1995). Alternatively, they may not use any form of contraception (Donovan, 1995). The only federal program designed solely to provide such services to lower-income women (Title X of the Public Health Service Act) has not been reauthorized since 1985 and funding for Title X declined 72% between 1980 and 1992 adjusting for inflation (Donovan, 1995). As a result, the clinics that provide contraceptive services to many lower-income adolescent females have had to reduce the hours when services are available, reduce the number of services provided, and charge higher fees for the remaining services (Alan Guttmacher Institute, 1994; Donovan, 1995).

There are numerous other interrelated factors that affect adolescents' use of contraceptives: situational factors, such as the foreseeability of sexual encounters (Adler, 1994); sexual partner factors, such as a male's willingness to wear a condom (Adler, 1994); and the subjective "costs" associated with different types of contraceptives, for example, financial costs and ease of use (Adler, 1994; Loewenstein & Furstenberg, 1991). These factors may also be influenced by other variables, such as an adolescent's assessment of the risk of becoming pregnant, which may or may not be accurate. In sum, the reasons underlying contraceptive use are numerous, complex, varied, and interrelated. Efforts to reduce adolescent pregnancy must take account of all these factors.

3. Decisions at the Time of Pregnancy

When an adolescent girl discovers she is pregnant, she is faced with two major options: abortion or continuing the pregnancy to term. If the decision is to continue to term, her options include: adoption or keeping the child. If she does not want to give her child up for adoption, she also must decide to either continue living in her parental home or to establish her own household with

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or without being married. While marriage is theoretically an option, its occurrence is dependent on the decision of two persons, and so is not so clearly a "choice" for the pregnant adolescent.

It is during early pregnancy that decisions about childbearing come into sharp relief. For some adolescents, abortion and adoption are not options they would choose, whatever their personal circumstances. In this instance the only choice they see as viable is childbirth, and so the availability of economic support serves as neither an incentive or a disincentive. For adolescents who feel they could never give a child up for adoption, the choice is between having an abortion or carrying a pregnancy to term and bearing a child. Fewer than 5% of pregnant adolescents choose adoption to resolve an unintended and unwanted pregnancy (Alan Guttmacher Institute, 1994; Bachrach, Stolley, & London, 1992).

The decision to bear a child out-of-wedlock, is influenced by many factors:
Was the Pregnancy Intended and/or Wanted? One of the most important factors affecting a pregnancy outcome is whether it was intended and wanted. Overall, 85% of adolescent females who have experienced a pregnancy report that their pregnancy was unintended (Alan Guttmacher Institute, 1994); those who report that their pregnancies were intended are more likely to give birth (Alan Guttmacher Institute; 1994; Zelnik et al., 1981).

Academic Aspirations. Both Black and White adolescents who are doing well in school when they become pregnant and who have a strong orientation toward the future are less likely to carry a pregnancy to term (Alan Guttmacher Institute, 1994; Eisen et al;, 1983; Leibowitz et al., 1980) Adolescents who have completed more years of high school are less likely to carry a pregnancy to term (Alan Guttmacher Institute, 1994; Zelnik et al., 1981).

Demographic and Family Characteristics. Black and Hispanic adolescents are more likely than White adolescents to give birth outside of marriage (Alan Guttmacher Institute, 1994; Hayes, 1987, NCHS, 1993a; 1994). This difference is attributed both to the lower marital rates among the Black population, as well as to the over- representation of Black adolescents in the low income population, since adolescents from families of lower socio-economic status are also more likely to have a nonmarital birth (Alan Guttmacher Institute, 1994; Henshaw, 1992; Zelnik et al., 1981). Pregnant adolescents whose parents are less highly-educated are also more likely to carry the pregnancy to term (Alan Guttmacher Institute, 1994; Cooksey, 1990). This may be because adolescents whose parents are less highly-educated are less likely to be oriented toward the future than those with more highly-educated parents (e.g. Hayes, 1987).

As with the decision to become sexually active, religious affiliation does not appear to be an important influence on whether an adolescent female chooses to carry her birth to term. However, religiosity is a factor influencing the utilization of abortion: adolescents from more religious and devout families being more likely to carry a pregnancy to term (Eisen et al., 1983).

Peer Influence. Adolescent females who have friends or family members who are adolescent single parents are more likely to give birth. Adolescents whose peers and sexual partners view abortion as a valid option, and those whose partners are close to their own age, are less likely to give birth (Alan Guttmacher Institute, 1994; Hayes, 1987).

Attitudes Toward Nonmarital Childbearing. Black communities have a greater diversity of family composition (e.g., multigenerational and extended), making single-parenthood less unusual and more socially acceptable than in White communities (Anderson, 1994; Hayes, 1987; Moore et al., 1986). Apparent racial differences in the acceptability of nonmarital childbearing could be due to differences in socioeconomic status (Hogan & Kitagawa, 1983 in Hayes, 1987). Other research (Abrahamse et al., 1985 in Hayes, 1987) indicates that attitudes toward nonmarital childbearing are directly related to perceptions of alternative options and opportunities, and thus to both the direct and opportunity costs of having a child outside of marriage. Therefore, racial differences may be due in part to differences in perceived future economic, educational, and career opportunities. If adolescents from lower socioeconomic backgrounds, who are more likely to be Black, do not perceive many opportunity costs to early nonmarital childbearing, they may be more likely to carry an unintended pregnancy to term (Abrahamse et al., 1985 in Hayes, 1987). Additionally, both the availability of marriage partners and the perceived utility of marriage in a given setting are important factors affecting attitudes to both marriage and nonmarital childbearing.

Access to Abortion Services. Adolescent females, particularly younger adolescents, are more likely than women in their twenties to delay having an abortion until after the earlier weeks of gestation (Alan Guttmacher Institute, 1981; Hayes, 1987). These delays may result from failing to recognize early signs of pregnancy (e.g., many younger adolescents have irregular periods and may not worry if their period is late); denial that they may be pregnant; legal barriers such as parental notification and consent laws and the need to obtain a judicial waiver (Alan Guttmacher Institute, 1994; Donovan, 1992); or geographic or financial barriers to abortion services, particularly important for younger adolescents and those from low income families (Alan Guttmacher Institute, 1981; Donovan, 1995). The longer an abortion is delayed, the more expensive the procedure, making it unlikely that an adolescent who wants to end a pregnancy will be able to afford the procedure, unless a parent or other adult relative is involved.

Factors Affecting the Decision to Marry Before Birth. Demographic data indicate that White female adolescents, those from higher socioeconomic backgrounds, and those who are older when they become pregnant are more likely to marry before they bear a child (Zelnik et al., 1981; O'Connell & Moore, 1980). Research also indicates that there are differing social structures governing marriage in the U.S for Blacks and Whites (Rindfuss & Parnell, 1989). Reasons for the lower propensity of Blacks at all socioeconomic (SES) levels to marry are not clearly understood. Several factors that may be influential for lower SES Blacks include: high rates of school dropout and unemployment, and high rates of incarceration for Black males (Schoen & Kluegel, 1988).

Availability of Financial Assistance.
Critics of U.S. welfare policy have argued that it is pronatalist in effect if not in intent. However, as a review of the relevant research shows, the determinants of adolescent childbearing are numerous and varied and involve decisions related to intimate, interpersonal behavior. As discussed earlier, the availability of financial assistance is unlikely to have more than a small and indirect influence on childbearing. Therefore, current proposals to deny benefits to unwed mothers under 18 or to cap benefits for additional children are unlikely to have anything more than a minimal impact on rates of adolescent childbearing.

Policies to Reduce Nonmarital Childbearing

Policies to deny welfare benefits to the children of women under 18 and to cap welfare benefits for subsequent children, are inconsistent with what researchers know regarding the causes of adolescent sexual behavior, pregnancy, and childbearing. If the aim of policy is to reduce welfare dependency by reducing the rate of nonmarital adolescent childbearing, policies should be directed toward addressing the appropriate factors, that is, those that are strongly related to adolescent childbearing and those that are amenable to government policy solutions. At the same time, policy should also address the needs of mothers who want to economically support their children and the needs of their children.

There are a number of important policies that can reduce adolescent childbearing and subsequent welfare dependency.

Education and Employment
The research findings presented in this testimony highlight the importance of an adolescent's education, school achievement, and educational and career aspirations as factors for ensuring that unmarried adolescent females do not bear children and then become welfare dependent. Research clearly indicates that attitudes toward nonmarital childbearing are directly related to perceptions of alternative options and opportunities and thus to both the direct and opportunity costs of having a child outside of marriage. If adolescents from lower socioeconomic backgrounds, who are more likely to be Black, do not perceive many costs to early nonmarital childbearing they may be more likely to carry an unintended pregnancy to term (Abrahamse et al., 1985 in Hayes, 1987). In the absence of alternative options, many adolescent females view motherhood as a means to adult status.

Given that current and former teenage mothers comprise a large and costly proportion of all female-headed families receiving AFDC, we agree with the recommendations in the recent GAO report that assistance to gain and retain employment should be targeted at teenage mothers. However, since the educational achievement and welfare status of women are important influences on their daughters' childbearing behavior, it is crucial that welfare policies facilitate education, job training and employment among all current welfare dependent mothers. Thus, welfare reforms that reduce the welfare dependence of current recipients may reduce the risk faced by the next generation of youth.

Social welfare and family policy in Sweden provide an interesting perspective on the importance of labor force participation for reducing early childbearing and dependence on welfare. Swedish policies stimulate women's employment by reducing the individual costs of having children while requiring parents to be employed to collect full benefits (Sundstrom & Stafford, 1992). In addition, since 1971, separate taxation of spouses was introduced to create incentives for men and women to work more equal hours in the labor force (Sundstrom & Stafford, 1992). As a result of these policies, in the '80s and '90s, Sweden had the highest female labor force participation rate among European countries, despite a high level of non-marital fertility (Sundstrom & Stafford, 1992). A key feature of Swedish policy that encourages labor force participation is that maternity benefits, which are available to *all* women, are based on work and income history: those in the labor market receive a payment equal to 90% of gross earnings, while those not in the labor market receive a minimal, taxable flat payment. Thus, there is a very strong financial incentive for women to delay childbearing until they have been in the workforce and even to postpone childbirth until they have maximized their earnings (Sundstrom & Stafford, 1992). This incentive is reflected in a relatively high average age at first birth for Swedish women (Sundstrom & Stafford, 1992).

However, there are other very important features of Swedish social policy that encourage female labor force participation, including generous sick pay for both the employee and for care of sick children, subsidized child care, and flexible working hours. Since 1979, all full-time employed parents have had the right to work for only 30 hours per week and retain full social benefits until their youngest child is 8 years old. Paid parental leave, and leave to take care of children, are financed out of general taxes with no direct costs to the employer, and total government expenditures for parental benefits for working parents amount to only 1% of the Swedish Gross National Product. Unlike the U.S., where women in low paying jobs often do not have health insurance, in Sweden there is also universal health insurance coverage, so there is no incentive to stay out of the work force in order to get health insurance for oneself and one's children. **Clearly, if women on AFDC are to become economically independent, they need not only an income that can support a family, but health insurance, child care, and flexible work hours as well.**

Contraceptive Services

The most desirable method of reducing nonmarital childbearing, and adolescent childbearing in particular, is to prevent unintended and unwanted pregnancies. Given that the majority of adolescents engage in sexual activity before marriage, the availability of safe and effective contraception is an essential pre-requisite. Clearly, federal policymakers could contribute to this goal by reauthorizing Title X of the Public Health Service Act and increasing the funding available to family planning clinics. This would help to ensure that contraceptive services are available to sexually active adolescent females who want them.

Abortion Services

While pregnancy prevention is the most desirable approach to preventing unintended adolescent childbearing, given the large number of unintended and unwanted pregnancies that occur among U.S. adolescents every year, the availability and affordability of abortion services are important factors that have a direct effect on adolescent childbearing and welfare dependency. As a recent report has noted, many women of all ages who experience an unintended pregnancy believe they are not able emotionally or financially to bear a child (Donovan, 1995). Recognizing that the provision and funding of abortion services is a contentious political issue, nonetheless it is important to state that if adolescent childbearing and related welfare dependency are to be reduced, the availability and affordability of abortion services, particularly for poor women, must be increased, and government policies should be aimed at doing so.

Child Support Enforcement

Almost totally lacking from most discussions about the adolescent pregnancy problem is the importance of policies and programs targeted at adolescent males. Clearly, efforts to promote parental responsibility should not be aimed solely at young mothers. Child support laws should be vigorously and uniformly enforced. To do this effectively, the establishment of paternity is an essential prerequisite. Some analysts have suggested that since unemployed adolescent males are unlikely to be able to provide financial support for their children, paternity establishment is not cost-effective. However, adolescent males will one day be adult males, and many will be employed. Once employed, a portion of their wages should be used to support their children. If such enforcement proceedings become commonplace and widely known, they may promote more responsible behavior, particularly contraceptive use, among adolescent males.

Conclusion

If federal policy is to achieve its objective of reducing adolescent childbearing and welfare dependency, the provisions of H.R.4 will fall far short of this goal. Rather, we need a comprehensive approach to welfare, employment, and benefits policy, to ensure that working parents are able to both economically support and care for their children.

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Statement by Kenneth M. Mazik,
President and Founder of AuClair Programs
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AuClair Programs were founded nearly thirty years ago and are private residential and educational treatment facilities located in Florida and Delaware. These programs serve children and adolescents with developmental, emotional and mental disorders, specifically individuals with behavior problems. Additionally, AuClair serves youngsters born to drug dependent parents. In recent years, AuClair has been asked to address the needs of youth whose behavior problems have caused them to be brought before the juvenile and family courts as juvenile offenders. I am making this statement to make you aware of our desire to continue to serve these individuals who demonstrate extremely challenging behavior problems which include aggression, self-injury, conduct disorders and pervasive anti-social behavior.

Welfare reform is an exceedingly complex issue with many moving and interrelated parts. Whether the legislative outcome be block grants, entitlements, or a combination of both, successful and meaningful welfare reform legislation will include modifications to Aid to Families with Dependent Children (AFDC) and affiliated programs.

Recently, AuClair has been confronted with a situation which will dramatically impact its' ability to serve needy and dependent children and adolescents. This situation stems from Title IV-E of the Social Security Act, which was created by Congress as part of the *Adoption Assistance and Child Welfare Act of 1980*. The Act permits funding for transitional and independent living programs for children who would otherwise be eligible for AFDC. The Act allows states to be reimbursed for a portion of the foster care maintenance payments made on behalf of these children.

Prior to 1980, only nonprofit private child care institutions and foster family homes were eligible. The Act broadened eligibility to public institutions which accommodate no more than 25 children. Unfortunately and arbitrarily, this definition excludes proprietary child care institutions.

Once a government agency or judicial proceeding determines the level of care and desired outcome a particular child or adolescent may require, the form of ownership of the child care institution should be irrelevant. In many cases, proprietary facilities and programs are more innovative, flexible, effective and economical.

Language giving school districts, state agencies or juvenile courts the freedom to choose the most appropriate treatment vehicle within their budget constraints should be included in any welfare reform legislation. Giving states the flexibility to pursue privatization of welfare related services as an option should not be discounted out of hand by Congress.

It is contradictory, or at least inconsistent, that services provided by a proprietary facility are covered under the federal Medicaid and Individuals with Disabilities Education Act (IDEA) programs, but not under Title IV-E.

In the specific instance noted above, the way to improve access under Title IV-E for these children is simple - strike the word "nonprofit" in Social Security Act section 472(c)(2) as follows:

> *(c) For the purposes of this part...(2) the term "child-care institution" means a ~~nonprofit~~ private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the Sate in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing, but the term shall not include detention facility, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.*

While this specific issue represents a small component of the welfare reform debate, how the issue of proprietary, tax paying, facilities is treated by the Congress is of immense importance not only to the continued success of AuClair, but to the future ability of the states to implement creative solutions to welfare. I would ask you to please keep our concerns in mind as you weave your way through the legislative maze of welfare reform.

TESTIMONY SUBMITTED FOR THE JOINT HEARING ON CHILD CARE AND CHILD WELFARE CONDUCTED BY THE SUBCOMMITTEE ON HUMAN RESOURCES OF THE HOUSE COMMITTEE ON WAYS AND MEANS AND THE SUBCOMMITTEE ON EARLY CHILDHOOD, YOUTH AND FAMILIES OF THE HOUSE COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES ON FRIDAY, FEBRUARY 3, 1995

by

Dr. William J. Tobin, Director of Government Relations,
CHILD CARE INSTITUTE OF AMERICA, and Executive Director,
EARLY CHILDHOOD DEVELOPMENT CENTER COALITION

Chairmen Shaw and Cunningham, and Members of your respective Subcommittees: This testimony is being offerred on behalf of the Child Care Institute of America and the Early Childhood Development Center Coalition which combined represent most of the private, licensed and religious early childhood development centers in our country,

As you continue your efforts to craft a Block Grant to encompass the myriad of federal childcare-related programs, I would like to offer you several brief observations based on closely following these issues for the past 7 years.

1) Please keep in mind that it is generally accepted that center-based childcare/early childhood development is broken out in the following way:

° Private (For-Profit)	55%
° Religiously Affiliated	30%
° Other Non-Profit	15%

Almost all center-based care is licensed, regulated and monitored, with the exception of 14 states where religious centers are permitted to be fully or partially exempt from licensing. In reality, this means that these centers still must comply with fire and health codes, but are not subject to set visitations/ monitoring. (On the other hand, no one is sure about the number of family childcare homes, ecept for the fact that at least 70% of them are unlicensed and unregulated. Pre-K programs in public schools, and Summertime park and recreation programs also do not fall under state childcare licensing).

The key issue is how to ensure that both religious and private centers remain viable options for parents who are eligible for subsidized care. Because of constitutional concerns, the only current ways for religious centers (30% of the total) to provide publicly subsidized childcare services are through vouchers or direct parent payments offset by tax credits. To my knowledge, no thorough, empirical study has been done to date on parent childcare vouchers; no similar study has been done about the use and impacts of Earned Income Tax Credits (despite the **PAGE** authorized increase in funding for these over an eight-year period [1991-99] of $36 BILLION).

2) Parent Certificates/Vouchers under the Child Care And Development Block Grant (CCDBG) have proven in most States to be a real means of parent choice and empowerment. HOWEVER, key to this approach is adequate and clear consumer information, i.e., parents need to be informed about their right to choose the childcare arrangement of their preference and their right to a voucher.

3) The CCDBG was a last minute, inelegant compromise in 1990. In order to preserve a diversity of Committee jurisdiction and oversight, several elements were joined together, and percentages set. For example, since most of the 75% block and 25% block of CCDBG funds deal with direct services, there was no reason why vouchers were excluded for services under the 25% block.

4) It is highly desirable, both logically and administratively (under the concept of "seamless service") that all Federal childcare programs---the CCDBG, Title IV AFDC and Transitional Child Care, and the Title IV-A "At-Risk", be operated under the same parent choice, voucher principle and system.

5) Because the CCDBG did not require a voucher system until 10/1/92, advocates of the old "contract/assignment" approach seized the opportunity and "overtook" this new funding stream in a number of ways:

- by starting a new approach called "Head Start Wrap-Around" which effectively took Block Grant funds and made Head Start into a full-day, year-round program, thereby using up funds destined for working-poor parents earning no more than 75% of the State Median Income;
- by putting all Federal childcare dollars into one pot and then using up all funds for AFDC childcare families, e,g. in FL; and
- by literally handing over a substantial portion of the 25% block of Block Grant funds to the Public Schools, e.g. in LA.

6) This latter situation is perhaps the most dangerous for a large Block Grant approach. Unless some caveats are provided, the Public School establishment is prepared and able to take over a large part of the funding to expand into an area they have not been in before. This would would not be licensed and regulated like center-based care, and it is clear that the overall educational rules that schools operate under do not cover many of the areas of concern for very young children.

Kentucky, Louisiana, Hawaii and North Carolina already have laws promoting Pre-K in the Public Schools. Moreover, there are strong economical, psychological and pedagogical reasons why the more formalized atmosphere and approaches of schools may actually be harmful to very young children. Also, the NEA and its allies are ready to move in and unionize a new group of pre-school teachers.

7) As Douglas Besharov (AEI) and others have argued, Head Start has not achieved many of the outcomes that its ardent supporters have voiced. In reality, it would make more sense to either abolish or restructure it, thus freeing up precious funds for more families and children to be served, e.g., the average $8000 per child spent on a half-day, school-year program could fund two children for a full-day, year-round center-based program.

8) On May 11, 1994, the ACF proposed changes in the Final Rule implementing the CCDBG. It has been reported that the ACF is sill reviewing the new regulations. Two new provisions in particular were unwarranted and potentially harmful: a) the elimination of the "Effects Test" whereby after-the-fact, complaints could be raised if the effect of state rules, or procedures would have impeded a substantial number of eligible families from exercising choice through a voucher, or a substantial category or type of childcare was precluded from participating in the program; b) allowing the existing 10% ceiling for differential rate payments for childcare programs to be eliminated if the programs demonstrated "higher quality" by being accredited by a nationally recognized program. (In reality until recently, the only national accreditation program was that conducted by the NAEYC Academy of Early Childhood Programs. However, there have been developed several alternative accreditation programs and a healthy competition between these should be promoted). Moreover, if certain "accredited" centers or programs could receive higher rates for childcare services, this would diminish the funds for families who chose a center which for philosophical or program reasons has not opted to be accredited through the NAEYC. The pursuit of excellence and superior service by childcare centers is desirable; but this should be driven by marketing or promotion reasons, and not manipulated through the federal subsidy program.

In addition, since one of the primary indicators for positive outcomes in children is the preparedness of teachers, states should be encouraged strongly to promote and subsidize a variety of professional early childhood teacher training and updating programs leading to a professional credential that exceeds the woefully inadequate Child Development Associate (CDA) which originally was intended as an entry-level certificate for Head Start teachers, workers and parents. The categorical federal subsidy program for the CDA (which actually "scholarships?" teachers by paying the processing costs [approximately $350] for the CDA credential at the NAEYC-related Council for Early Childhood Education) should be eliminated.

9) Eligibility criteria for the Child Care Food Program (CCFP) should be changed to make more children from low-income families able to participate. Under the old regulations (which antedated many of the newer Federal funding streams for subsidized care), children in private, for-profit centers could only participate if the center was servicing 25% or more of children funded under the Title XX Social Services Block Grant. Wih the advent of new programs and funding streams, children who formerly might have been funded by Title XX are now funded under another program and thus, the centers cannot meet the 25% threshhold. There is no such requirement for family daycare homes (and in fact, reputable studies have shown that these homes would not meet the same requirement if they were held to it, while at the same time, "sponsors" of the family daycare home CCFP programs have made enormous profits by their record-keeping, administrative efforts). Pilot studies completed in KY and IA have shown the benefits which will result from the full participaion of private centers in the program.

10) The emergence of a nationwide Child Care Resource and Referral (CCR&R) network is a mixed blessing. Many of these well-funded local and regional agencies have gone far beyond their principal purpose of providing unbiased information to inquiring parents. Not only have they become lobbying forces, advocating certain policies for childcare which are adverse to childcare programs whose taxes are being used to limit their business opportunities, in many States, they have received contracts to run the regional or local Block Grant program, consisting of all phases--eligibility determination of parents, compilation of approved childcare program lists (which may not include, for example, religious programs because they are exempt from licensing under State law), oversight and payment of providers, etc. It should be carefully thought through whether it is desirable for an unlimited and unaccountable CCR&R network eventually to run or administer most of the Federal subsidy programs to be covered by the proposed new Block Grant.

In summary, then, what is needed under the proposed new Block Grant are a clear preference for funds to be used for direct childcare services, the extension of the current CCDBG parent choice through vouchers principle to all federally subsidized care, the inclusion of an "Effects Test" to ensure the proper and fair implementation of the parent choice provisions, safeguards against Public School and inefficient Head Start domination of funding resources, and a strong preference for a variety of program accreditation and teacher training/credentialing systems.

Thank you for the opportunity to share these observations with you. We stand ready to work with you in developing a program that best meets the needs of working poor families for the years to come.

STATEMENT OF
CHILD WELFARE LEAGUE OF AMERICA, INC.

The Child Welfare League of America (CWLA) welcomes the opportunity to submit testimony regarding federal child welfare programs and how Congress might better protect children and improve their lives. CWLA is a membership organization representing 800 public and voluntary child-serving agencies that assist over 2.5 million vulnerable children and their families each year. Children's lives are in danger and the federal government has a critical role to play to keep them safe.

Recognizing the importance of activities supported under categorical programs, this testimony is limited to the programs under the Social Security Act that were designed to protect and care for very vulnerable children. This hearing also is addressing child care, an important child welfare service. We refer you to CWLA testimony on that issue that was submitted earlier this week to the Economic and Educational Opportunities Subcommittee.

Congress concluded in 1980 that abused and neglected children too often were unnecessarily removed from their parents; insufficient resources were devoted to preserving and reuniting families; children not able to return to their families often drifted in foster care without a permanent family and home; children need permanent families preferably their biological families, but if that is not possible within a reasonable time, with another permanent family--relative or non-relative adoptive family; permanent families provide children better care than the state and help ensure that they will grow into emotionally stable, productive adults.

In response, Congress passed the Adoption Assistance and Child Welfare Act in 1980 with three important goals:

- Preventing unnecessary placement of children in foster care;
- Timely reunification of children in foster care with their parents when safe and appropriate; and
- Expeditious adoption for children unable to return home, in order that they have a safe, stable nurturing family.

The Act seeks to achieve these goals, in part, by providing state social service agencies with "incentives to encourage a more active and systematic monitoring of children in the foster care system." The Act encourages states to prevent the unnecessary removal of children from their families and to reunify children in foster care with their families by making state eligibility for Child Welfare Services (Title IV-B of the Social Security Act) and Title IV-E Foster Care, Adoption Assistance funds, contingent upon the implementation of certain services and protections for children and their families. These services and protections include:

- Provision of pre-placement and post-placement services to keep children in their families or reunite them safely with their families as soon as possible. These are referred to as services that must satisfy the "reasonable efforts" clause of the Act.

- Requirement of case plans, periodic reviews, management information systems, and other procedures to ensure that children are placed in permanent families in a timely fashion.

- Redirection of federal funds away from inappropriate foster care placement and toward permanent alternatives, particularly adoption.

- Establishment of adoption assistance programs, specifically federally funded subsidies for adoption of children with special needs, such as older, disabled and minority children.

The federal Foster Care and Adoption Assistance Program is the funding source for the implementation of these safeguards for children contained in the Adoption Assistance and Child Welfare Reform Act.

GUARANTEES OF PROTECTION ARE VITAL TO ENSURE SAFETY OF VULNERABLE CHILDREN

The entitlements guarantee that children receive the services they need to keep them safe. An all-inclusive block grant, which eliminates the entitlement, could severely undermine state and local community efforts to protect and serve children. These children are in state custody, which functions as their legal parent and as such has a moral and legal obligation to provide services to these children.

CWLA strongly believes that the principal role of government and private agencies in the lives of troubled children and families is to enable families, whenever possible, to better manage their own affairs and safely care for their children. We are talking about the protection and care of millions of children.

For a variety of reasons, states already vary greatly in the support and protection they make available to abused and neglected children. Despite the best efforts of local communities and state governments, the work of the country's public and private child welfare agencies is insufficient to the task. Unless the federal government provides more leadership, not less, promotes greater accountability, not less, and commits more resources, not less, to the care and protection of children, states will not be able to adequately protect and care for the lives of our children.

States and local jurisdictions have widely varying capacities and experiences in meeting the needs of their most vulnerable young citizens. For example, consider the commitment of resources in two like-sized states of nearly 3 million people where we have worked: They have allotted hugely different sums to child welfare, twenty-four million dollars in one state, two-hundred and forty million in the other.

Title IV-E Foster Care

The nation's most vulnerable children must be guaranteed the protection and support inherent in the Title IV-E entitlements. Public agencies, who have the legal obligation to respond when a child's safety is endangered, cannot and should not turn children away. All such agencies must have the capacity to respond quickly and well. The protection and care of the children should not be hostage to fluctuations in the economy or widely varying criteria about who should be protected and served. **Like 911, the child welfare agency must respond when children are abused and neglected.** Because of the crisis nature of these services, it is essential that agencies have the flexibility to respond whenever a need is identified, not just when the budget can support an out-of-home resource for the child. An entitlement for maintenance ensures that flexibility.

Other important components of IV-E are administrative and training costs. However, using the term "administrative costs" is misleading as this term is most often used and defined in other contexts to be only costs for overhead which includes rents, equipment, office supplies etc. and administrative office staff. In the context of IV-E, administrative costs include the services of the caseworkers who work day in and day out with children, their families, and the foster parents. For example these services would include getting a wheelchair for a child, arranging visits for a child with her mother, consulting with the school, or coordinating a support group for abused teens. For a complete listing of services included under the heading of administrative costs, see attachment A.

Children in foster care, as a result of the abuse and neglect they have experienced, exhibit much higher rates of physical, emotional, developmental and educational problems than children of the same age who are not in foster care. The state, as parent, must provide a safe, nurturing foster family or group care environment for a child, but in addition the state must meet the complex and multiple needs of the child. Title IV-E reimburses states for these services and the complementary training. These training resources are critical to preparing foster parents and caseworkers to serve very vulnerable children and families appropriately. Without this

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entitlement, which currently provides three federal dollars for every state dollar, training would not remain a priority given what will be increasingly fierce competition for support.

If Title IV-E services and training are made discretionary, the circumstances of children and families that existed prior to the passage of the Act in 1980 will re-occur. Larger numbers of children will come into foster care, will stay longer, and receive limited and inadequate services.

The children coming into foster care today and their families have more complex and greater needs that the children and families we served in the past. They need sound assessments of their strengths and needs and access to an array of services to ensure healthy development and safe environments to return to when discharged from foster care. This means caseworkers, foster parents, and child care staff need to carry out the assessments, provide a variety of services, and engage and coordinate the service of other agencies.

Fewer guarantees could mean fewer caseworkers to provide the intensive work required to meet children's needs while they are in care and to get them back home safely, or if that is not possible, to secure a permanent adoptive home. The number of foster parents will drop even more rapidly and states will have to place children in more non-family and more costly arrangements.

Historically, funding cuts or lack of increases have translated into cuts in training programs. Lack of training affects a worker's ability to make a sound assessment, to make good judgements about safety and risk regarding a child's entry, reunification, and termination, and to develop and implement a case plan with the child and family. If this training is reduced, we will have individuals with little, if any, experience, education, or training on how to intervene in family lives. If you needed heart surgery would you want an untrained person with a general idea about health care, or a heart surgeon to perform the procedure? If you had to go out and interview a man who had just raped his two year old child, would you know how to intervene? These highly specialized techniques require ongoing training in the most effective, state-of-the-art approaches.

Caseworkers with large caseloads and little training will be much more likely to leave the system and thus increase the already high turnover rate. With high turnover rates comes a lack of continuity for children who have already suffered so many losses and disruption. Changes in caseworkers can inhibit progress towards reunification or adoption.

Foster families who are not trained and supported will be parenting under a great deal of stress. We know that child abuse and neglect is strongly linked to the stress of parenting children with multiple needs--physical, emotional, educational, developmental--and not having the support, supervision, knowledge and skills to function. We could see an increase of child abuse and neglect in foster families that are acting on behalf of the state. In encouraging increased parental responsibility, the state as parent should also be responsible and ensure that those whom that its agents--foster families, caseworkers, child care workers--have what they need in terms of training and supports to do the very best job possible for these children.

It is also likely that children in care will have an increase in the number of placements. This is the "foster care drift" we committed to end with the focus on permanency and the passage of P.L. 96-272. That is not something anyone wants to go back to.

Title IV-E Adoption Assistance

Children need permanent, nurturing families who will provide lifetime connections to them--not only guide them during childhood, but help them in their transition to adulthood and as they, themselves become parents. In 1980, Congress enacted the Title IV-E Adoption Assistance Program to remove the financial barrier to adoption for children with special needs. Since that time, the federal adoption assistance program has proven to be an extremely effective program that has enabled an estimated **90,800 children with special needs** to be adopted.

These children have a range of special problems: Down's Syndrome, cerebral palsy, emotional problems from abuse and neglect experienced early in life, or often they are children who simply need to be placed with several brothers and sisters, or older children, or of a minority ethnic background. In more recent years, drug exposed children and HIV/AIDS affected children have also been adopted with financial support from this program.

Without this federal adoption assistance, these children would almost certainly have remained in agency care until they reached adulthood at tremendous unnecessary cost to the taxpayers. A 1993 study by Westat, Inc. estimated that the 40,700 of children adopted with federal adoption assistance between 1983 and 1987 **saved federal and state governments an estimated 1.6 billion dollars** in future foster care administrative costs.

If the federal adoption assistance program is **not retained as an entitlement**, more children will unnecessarily remain in care longer; many of the children in care will never find families of their own; as young adults with no permanent family supports, many more will experience homelessness and unemployment; and far fewer will make a successful transition to a productive adulthood.

If the federal adoption assistance **currently provided** to adoptive families of children with special needs is reduced or withdrawn, we can predict that increasing numbers of children will be returned to care because their adoptive families will not be able to maintain them; these children and their adoptive families will experience further unnecessary harm by the government charged with the responsibility to protect them; government costs to care for these children will increase.

The government entered into a contract with the families who have adopted the 90,800 children with adoption assistance. It has a moral obligation to continue to help the children and families currently receiving adoption assistance. A single adoptive parent to three special needs children testified before the House Ways and Means Oversight Subcommittee on January 23, 1995, that her children were molested before coming into care. They had serious problems with depression, disruptive behavior, and one child had been placed in a psychiatric hospital. In order to meet the needs of her children, the witness, an attorney with a major corporation, had to give up her employment and accept another position at much lower pay. If it were not for the medical insurance that comes with adoption assistance, she reported that she would not be able to care for her children and would have to return them. Here is an adoptive parent struggling to make ends meet with the limited government assistance she receives. She sacrificed her financial and emotional stability for the love of her children, but the family cannot survive without continued adoption assistance.

Similarly, the state is also the legal parent of the children currently in care who are waiting for adoption--they have no one else to whom they can turn. Government clearly has an obligation to fulfill its parental responsibility by doing what is necessary for these vulnerable children and youth to be adopted by continuing the federal adoption assistance as an entitlement program. Adoption assistance is an **investment** in children and families. It is an effective program which is designed in such a way that it **always** saves public funds over continued foster care costs.

Family Preservation

In many jurisdictions across the country, progress has been made in introducing family-focused, child-centered services in response to abuse and neglect; many children have been able to remain safely at home or safely returned to their homes after receiving reunification services because of P.L. 96-272's commitment to reasonable efforts and family reunification. Yet in other jurisdictions, family preservation and reunification services are non-existent or limited to a few demonstration projects, unavailable to thousands of children and families who enter the system.

The Family Preservation and Family Support Services Program, a provision of PL 103-66, provides important incentives and resources to the states to develop and expand those services which are known to result in positive outcomes for children--family preservation and reunification services. CWLA urges that these incentives continue to be available to the states in the form of a capped entitlement for the following reasons:

These are families where there has been a report of neglect or abuse and the government is already involved. Without intervention, the family situations will only worsen and we will end up with more children in care at tremendous cost.

> *A family with two young children was referred to child protective services because of poor living conditions, a lack of parenting skills, and substance abuse. The CPS worker felt that their situation warranted intervention, and that placement of the children would be necessary if the family did not act quickly to improve the situation. The family was referred to family preservation services, which, over a twelve week period, was able to assist the family in improving their living conditions, work intensively with the family around parenting, home management, and nutrition, and assist the father in receiving help for his drug and alcohol problems. When asked about the family's progress, the worker is optimistic, particularly in light of the daunting problems they all faced when she first met them. The children remain safely in the home, thanks to the availability of a skilled worker who could work intensively with the family to turn their lives around.*

Many families can benefit from early and intensive intervention, but these services are most often the first to go in a budget crisis.

> *Family A was the subject of a child abuse report. Family B was in crisis and requested help - they were at risk of eviction, the father was laid-off from work and potentially violent. Family A received a "mandatory" child protective service - response required within 24 hours. Family B received a "voluntary" family support service - response required within 30 days. Before the 30 days passed, Family A was the subject of a child abuse report, they were homeless, and the parents were agitated and distraught. Family A had a greater likelihood of stabilizing their situation when they first requested services.*

Unless we ensure support for families that are clearly in crisis, but not quite at the brink of destruction, we will end up with a system which can only respond at the "back end"-- when far too much damage has already been done.

> *In a state which has just begun to develop and implement family preservation services, it is not uncommon for abused and neglected children to remain in their homes, with little or no support from an agency worker, until major traumas occur. The only recourse for such children and their families is placement, often in facilities that are a great distance from the family home, or in facilities that are inappropriate for young children, such as training schools and jails. As a result of the Family Preservation and Family Support Services Program, this state has finally begun to develop services which can assist children and families before serious abuse occurs, and to build the capacity of families and communities to ensure the safety of children. Child advocates in the state are thrilled to see that, at last, there will be some additional service options for helping children and families. They predict that, if the capped entitlement disappears, the state will return to removal of the child as the only option for children. They worry that many more children will be hurt, both at home and in inappropriate placements, as a result.*

The more work we can do with families in crisis, the more likely we are to be able to prevent disruption, prevent unnecessary placement of children, and if placement if necessary, achieve reunification or other permanency for children. By using a time-limited, family focused approach which connects families to supports in their own communities, we can **reduce the length of time of government involvement in their lives** while being cost effective. Historically, when exemplary programs or models have been "integrated" into the broader child welfare system they have been diluted and lost their focus and effectiveness. Mixing the funding for these services in a block grant might well result in such a dilution, and in the resuming of "business as usual." Children and families would be the losers in such a scenario.

The potential of family preservation and family reunification services, as demonstrated as early as the 1970's in the Oregon and Alameda County, California projects, and more recently in states like Michigan and Missouri, is too great to risk removing its protected status as a capped entitlement. We must give this important initiative a chance to take hold in every state and

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jurisdiction. The result will be an improved child welfare system nationally and better outcomes for children and their families.

Independent Living

According to a Washington Post article in 1993, the average age that young adults were able to leave home and live independently was age 25 - yet when youth in foster care reach age 18, benefits could end abruptly, leaving the youth to fend for themselves with little preparation. Many of us could ask ourselves, would our 18-year old son or daughter be able to handle life completely on their own without any support?

The independent living program prepares youth for independence through encouraging partnership efforts among foster parents, child care workers, communities, and the youth's birth family to help them deal with their fears, provide support and encouragement, provide examples of appropriate adult functioning, making and implementing plans, resolving conflicts, practicing necessary skills and tasks.

In 1993 CWLA published *Independent Living Services for Youth in Out-of-Home Care.* Recommendations included: Expand housing resources for youth, provide ongoing training to staff on how to prepare youth for independent living, enhance the involvement of the community and young people themselves in the planning and delivery of services, and conduct objective research on the outcomes for youth who have received independent living services as compared to youth who do not receive such services.

Young people must be prepared to enter an increasingly complex society and a competitive, technologically advanced workplace. They need more education, more training and more sophisticated living skills than ever before. We owe the young people for whose health, well-being, and support we are legally responsible the opportunity to grow into productive, self-sufficient adults. Yet, the problems facing today's youth are increasingly complicated. Youth leaving out-of-home care at age 18 often do not have the support of their families and other supports have to fill the gap. In tight times, states will be hard pressed to maintain independent living services given competing demands for services and the need to respond to crises.

FEDERAL GOVERNMENT MUST WORK BETTER AND SMARTER WITH STATES TO PROTECT AND CARE FOR VULNERABLE CHILDREN

CWLA continues to endorse the progressive principles and protections for children contained in the Adoption Assistance and Child Welfare Reform Act (P.L. 96-272) passed by Congress in 1980. The principles of P.L. 96-272 remain sound and should continue to guide activities aimed at ensuring protection of children. CWLA recommends forming federal/state partnerships to provide accountability and ensure that federal dollars spent are effectively protecting these children. State plans should ensure continued maintenance of state's level of effort to protect children, and should ensure that the funds are used for the intended purposes. The federal government should also provide for quality assurance and training, and for developing national standards for services for each child welfare program.

The federal government has an essential role in providing standards for the protection of children. It also has significant responsibility to enforce protections. While the federal government should reduce undue paperwork burdens and allow states the flexibility to design and deliver services to meet the needs of their populations, it is in the interest of the nation and its children and families for the federal government to assist the states and to hold them accountable.

We urge the following:

1. **First, maintain the entitlements** for all services necessary to provide care and protection to children who are brought into state custody. Block granting the entitlements would undermine the ability to protect and serve children and would make safety dependent on accidents of geography or individual goodwill. Careful and thoughtful consolidation of

some discretionary activities in related areas would make good programmatic and fiscal sense.

2. **Include enforceable protections** in whatever systems are put in place. At present the federal government is a paper tiger in addressing the worst violations of federal intentions in child welfare. In numerous instances where class action litigation has been filed the state had recently passed a 427 review. More appropriate and vigorous enforcement is needed.

3. **Assume greater responsibility for coordinating and enforcing all federal child welfare initiatives**, and provide support and guidance to the governors enabling them to better coordinate their efforts at the state level and to learn from each other.

4. **Provide support for the full array of prevention and treatment services** necessary to assist victims of child abuse and neglect.

5. **Develop national standards for child welfare practice** and condition federal funds to the states upon full adherence to these standards by the year 2000.

6. **Develop a national data base**, with mandatory state participation, that allows for more serious and effective accountability and planning.

7. **Establish and enforce more rigorous and comprehensive scrutiny of child welfare outcomes** within the states.

8. **Continue support for new computerized case management technology** that promises to better protect children, reduce unnecessary removal of children from their families, greatly reduce paperwork, increase social worker productivity and strengthen management capacity.

9. **Identify the true costs required to respond effectively to the country's child welfare crisis**, based on uniformly developed, state-by-state budget estimates, and provide the federal funds to support the national governments fair share.

10. **Convene a national panel to report back to the Congress** by this summer, on the scope of the problem nationally and the applicability of the above recommendation, and others, on this national failure to our children.

Thank you for this opportunity to express our concerns and suggestions. We and our 800 member agencies across the United States look forward to working with you and your staff to address the needs of vulnerable children.

EXAMPLES OF TITLE IV-E ADMINISTRATIVE COSTS

- referral to services
- preparation for and participation in judicial determination
- preparation for and participation in Citizen Foster Care Reviews
- evaluation and assessment of the child's and family's current situation
- placement of the child (foster care/adoption)
- development of case plans
- case reviews
- case management*
- supervision
- recruitment, licensing, and training of foster families and child care staff of residential facilities
- determination and redetermination of eligibility for IV-e Foster Care and Adoption Assistance Program
- processing of adoption assistance agreements
- management of adoption assistance payments
- preparation for and participation in fair hearing and appeals
- case staffing and conferences on specific children and families
- communication with biological parents and foster families and residential care providers on the status of the child, the case plan, goals of the child and family, and administrative procedures of the agency
- travel associated with any of the above activities
- all planning, assessments and paper work which contribute to the above activities

* Definition of Case Management--an approach to service delivery to ensure that children and families with complex and multiple needs receive all the services they need in a timely and appropriate manner. The caseworker acts as case manager and makes an assessment of strengths and needs of the children and their families, develops a case plan with them that contains goals related to unmet needs and specific methods for meeting those goals, links children and families to services by brokering, advocating, developing resources in the formal and informal helping systems, monitors the services provided and evaluates the progress toward accomplishing the goals of the case plan.

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THE CONCORD
COALITION

1019 19th Street N.W., Suite 810, Washington D.C. 20036
202 467 6222 ● (Fax) 202 467 6333

STATEMENT OF MARTHA PHILLIPS
Executive Director
THE CONCORD COALITION

February 3, 1995

Before the Committee on Ways and Means
U.S. House of Representatives

On behalf of the Concord Coalition and its 150,000 members in state and local chapters across the country, thank you for the opportunity to present our views on the tax provisions of the Contract With America.

Mr. Chairman and Members, The Concord Coalition believes that this is the wrong time for tax cuts. We strongly urge the Committee to set aside tax cuts for another day when the nation has a balanced budget and our children enjoy a greater measure of economic prosperity. We stand ready to help this committee and others reduce spending and bring about that day.

Public opinion polls indicate that the American people are deeply concerned about the huge deficits that are being incurred needlessly year after year. When President Clinton was sworn into office, the public debt stood at about $4 trillion. By the end of this calendar year, it will exceed $5 trillion -- about $20,000 for every living American man, woman, and child. By the end of fiscal year 1998, yet another trillion dollars of debt will have been incurred if the government stays on its present path.

Americans are properly anxious about a federal government that loads on a trillion dollars of borrowing in three short years. Their concern generated momentum for the recent House passage of the Balanced Budget Amendment to the Constitution. The Concord Coalition strongly supports the Balanced Budget Amendment and hopes for speedy Senate consideration and quick ratification by the States.

Passing the Constitutional amendment, however, is only a preliminary step. Achieving a balanced budget will be far more difficult. The Congressional Budget Office estimates that upwards of $1.2 trillion of deficit reduction between now and 2002 will be required in order to reach balance by the effective date of the Constitutional amendment. This means that Congress cannot wait for several years to determine whether or not the amendment will be ratified. It must begin this year to put into place a coherent set of policies that will assure compliance with the balanced budget requirement for the year 2002.

The first step toward a balanced budget is NOT a package of tax cuts. Enacting tax cuts now would only make the already daunting task of balancing the budget even more difficult. The cuts under discussion are large. The Treasury Department's initial estimates peg the Contract tax cuts at $97.7 billion in fiscal year 2002, the year we are supposed to balance the budget. President Clinton's proposed tax cuts reduce revenues by about one-quarter that amount, but still a large one-year figure. To pay for the tax cuts, in compliance with pay as you go budget enforcement rules, a number of tough spending-cut decisions will have to be made.

The Concord Coalition is willing to support tough spending-cut choices -- but for deficit reduction, not for tax cuts. If these tough choices are squandered on paying for tax cuts, it will be all the harder to find additional spending cuts to reach a balanced budget by the deadline. Some people gloss over that difficulty by talking about "gliding to balance" or "slowing the rate of spending growth." But glide paths and spending slowdowns do not happen automatically or painlessly. Congress must review existing programs and enact specific policy changes to reduce benefit payouts to specific groups, individuals, business entities or state or local governments.

Using up these hard won spending cuts to pay for tax cuts only uses up political capital to stay in place. Any savings that can be found should be used first to reduce the deficit. Once that goal has been accomplished, there will be plenty of time to talk about tax cuts.

It is argued that the proposed tax cuts would revitalize the economy, increase savings, and lead to greater prosperity. However, our economy is hardly crippled. Gross domestic product grew last year at a four percent rate, about as fast as most economists think is sustainable, and faster than some think is wise. Unemployment is relatively low. As to increasing savings, it is hard to see how any policy that discourages deficit reduction would increase savings. The Federal Government is using for current consumption most of the funds that individuals and businesses in our nation are able save each year. Reducing the budget deficit would reduce this dissaving. This, in turn, would leave more funds available for investment in the physical, human, intellectual and technological capital required to sustain economic growth and lead to improved standards of living. Thus, The Concord Coalition believes that balancing the budget would do far more than tax cuts to strengthen the economy over the long run.

Could Concord Coalition members use the promised tax cuts right now? Sure. Who couldn't?

Are the tax cuts -- which, after all, wouldn't amount to much on a per family basis -- worth the long term price? Are they worth jeopardizing the opportunity to balance the budget? We don't think so.

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Testimony on the Child Care Provisions of the Personal Responsibility Act of the Contract with America

Submitted to the
Subcommittee on Early Childhood, Youth and Families
Committee on Economic and Educational Opportunities
and the
Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives

Tuesday, February 7, 1995

As Prepared by
Roberta A. Wroblewski &
Elissa J. Bassler
Advocacy Department
Day Care Action Council of Illinois

Established in 1969, the Day Care Action Council of Illinois (DCAC) is a not-for-profit membership organization of parents, child care centers, home day care providers, educators, and others who are dedicated to the promotion and expansion of quality child care services in Illinois. DCAC believes that child care should enhance family and community life. It is therefore DCAC's mission to achieve affordable, available, quality child care for all families who need it.

DCAC thanks the Committees for the opportunity to submit comments to the on the Personal Responsibility Act and offers the following testimony:

Welfare Reform: the Need for Increased Federally Subsidized Child Care

The Personal Responsibility Act aims to move families from the welfare rolls to the work place; however, it does not provide sufficient child care support to sustain this transition. Child care is obviously a key component to making this transition permanent because very few low-income families can afford to have a potential wage-earner stay home full-time to take care of their children. **If the federal government is truly serious about reforming welfare, subsidized high-quality child care must be rapidly expanded in order to allow families to both work and protect their children.**

Within the last decade, the federal government has made laudable strides toward reaching this goal. The first substantial enhancement was included in the Family Support Act (FSA) of 1988 by way of a Child Care Guarantee for all working parents on or newly off of AFDC through (Social Security Act) Title IV-A funds. These enhancements included the year-long Transitional Child Care entitlement, established specifically for those families just off of AFDC. Later, in 1990, a capped entitlement program was also established, the IV-A "At-Risk" program, for families at risk of being on AFDC. All of these IV-A funds require a minimum state match of 50 percent. At that same time, a non-matched discretionary child care subsidy for the working poor was established through the Child Care and Development Block Grant (CCDBG).

Despite these major gains, the federal child care subsidies still do not meet the country's current need. This insufficiency remains a huge barrier to welfare reform success.

Title IV-A Child Care Entitlements Must Remain Intact

The Personal Responsibility Act currently prescribes the creation of a general federal child care block grant including some, if not all, Title IV-A child care entitlements and all other federal child care programs. This block grant, like that proposed under the PRA for welfare services other than child care, is to be handed to states with few regulatory strings attached. Given a finite amount of federal dollars, states will be under tremendous pressure to stretch these dollars as thinly as possible. Many states will be likely to place increased work requirements and cash-grant time limits on AFDC families. These families must have child care assistance or be forced to leave their children in highly undesirable and often dangerous situations while they are at work or in training. In order to meet the child care needs of AFDC families, states will be forced to allocate much, if not most, of their CCDBG and other working poor child care money toward this end. If states opt to use for AFDC families money previously available to working poor families, the number of families eligible for AFDC will without question sky-rocket thus defeating the purpose of the PRA. Child care assistance too often separates who is a working poor family from who is a welfare family.

The current FSA child care guarantee to families on AFDC or in their first year of transition from AFDC, is essential to the promotion of true financial stability among very low-income families.

Currently Insufficient Funding Levels in Federal Child Care Subsidies Must Not Suffer the 10 to 20 Percent Cut Proposed by the PRA

While the Day Care Action Council of Illinois supports the consolidation of *non-entitlement* federal child care programs (including the CCDBG, the IV-A "At-Risk" program, the Social Services Block Grant funds now allocated to child care, and the Dependent Care Block Grant), these funds, pooled or not, must not be reduced by the PRA's slated 10 to 20 percent, even in light of possible savings due to streamlining. These savings are much better used for the improvement or expansion of child care services for some of the millions of children in working poor families who are now forced into marginal, if not dangerous, child care situations because their parents are unable to pay for better quality care without a subsidy.

The evidence of the need for MORE, not less, federal child care subsidies is found in long waiting lists for child care subsidies nationwide. In Illinois, over 30,000 families are on waiting lists for working poor subsidies, such as the CCDBG. Since Illinois reached its IV-A "At-Risk" cap in September, 1993, an estimated 167 families a month have been left without child care assistance after their Transitional Child Care ran out. Many of these working poor families have been forced to scrape together admittedly very low quality child care arrangements or simply stop working because they cannot afford child care at all; many have been forced to go back onto AFDC.

A 1991 study commissioned by the Illinois Department of Public Aid (IDPA) revealed that finding and affording reliable child care may well be *the single most important factor* for parents seeking to get off and stay off welfare in Illinois. Of the 3,800 single-parent families surveyed, child care problems prevented 42 percent of them from working and 39 percent from going to school full time. In addition, 42 percent of the teenage parents surveyed reported they had to quit school within the last year because of child care problems. The most dismaying result of the survey was that 20 percent of the entire sample said they had to return to public aid within a year because of child care difficulties.

Minimal Health and Safety Standards Must NOT be Dismantled

Currently, states must present the federal government with a plan of how they intend to use CCDBG money. These plans must meet minimal federal health and safety standards. By contrast, the child care block grant proposed by the PRA would have no such minimal quality standards putting at risk millions of children in federally subsidized care. Without these standards, the variability in the quality of child care paid for with taxpayers' dollars will be vast. It is wrong for the federal government to abdicate responsibility for minimally protecting children in federally subsidized programs.

Federal Payment Rate Requirements and Quality and Supply Building Set-Asides Must Be Maintained

Beyond a lack of minimal health and safety requirements, the proposed PRA child care block grant threatens to promote decaying levels of quality in the federally subsidized system because no payment rate levels nor quality and supply building set-asides are prescribed. Both of these measures have worked to improve provider rates and consequently quality. These effects have clearly maintained and increased the integrity of the federally subsidized child care system, providing low-income families with quality choices. This relationship is detailed below.

Low payment levels severely limit the number of providers of quality care who are willing or able to accept subsidized clients. Current estimates in the state of Illinois indicate that as a result, at least one-third of all IV-A child care providers and one-fifth of CCDBG providers are license-exempt home providers. Government funds are therefore often spent on providers who have not met even the minimal standards of quality achieved through the licensing process. In Illinois, basic safety standards are met by license-exempt providers according to self-report only. Many states have *no* minimum standards for license-exempt care. A California study of license-exempt and home care providers found that 5 percent of such providers had criminal records, and 60 percent of the 5 percent had been convicted of child abuse. Only 19 states currently conduct criminal background checks on license-exempt providers.

In addition to the pressures on *quality* caused by low provider rates, low provider rates can have a substantial impact on the *supply* of quality care. The IDPA study of current and former AFDC recipients referred to above verified the particular difficulty that such parents have in securing high quality care. Over 65 percent relied exclusively on informal home care arrangements -- 77 percent were using informal arrangements as some part of a mix of child care arrangements, despite the fact that over half of these parents would have preferred licensed, formal child care settings. This is due not only to payment rates but also to the type of work and school arrangements public aid recipients most often find. Low paying jobs, part-time jobs, and jobs that require working nights and weekend shifts are typical of the type of work presently available to those with the low-skills that are characteristic of the AFDC population. As a result, such low-income parents need the least expensive and most flexible kind of care, often involving multiple providers. Fully 70 percent of the sampled parents reported problems when their usual child care arrangements fell through. Unsurprisingly, these parents experienced more child care-related absenteeism and late arrivals at work and school than did those parents using center-based care. Were licensed child care available to these families at untraditional hours, these problems would be greatly diminished.

Licensed care too often is not an option for poor families, even if they work standard daytime hours, because it is extremely scarce in low-income neighborhoods. The same IDPA study found that the statewide ratio of children under ten per licensed care slot was twelve children per slot statewide. Tellingly, this ratio was 10.3 children per slot in the highest income zip code-determined quintile, 16.1 children per slot in the lowest income quintile, and a full 18 children per slot in inner city zip code areas. The study found that while most of the few licensed providers in low-income areas accept subsidized clients, many reported that they had to limit the number of subsidized children they could accept because most state rates fell short of their actual cost of care by an average of 23 percent.

In sum, high quality child care is currently provided through government funds only when the subsidized client works standard daytime hours and the particular provider is highly skilled and devoted to the child(ren) under care *and willing to subsidize the provision of quality care through her or his low wages*. Poor families have clearly been relegated to informal, unlicensed care lacking objective standards of quality. It is imperative that more federal funds be allocated toward expanding the amount and types of licensed care available (e.g., offering nighttime hours) and assisting informal providers in achieving and maintaining high levels of quality (e.g., through training and resources).

Members of the Committees must understand that because payment rates for child care providers are so low, child care staff turnover rates can reach as high as 40 percent, particularly among subsidized providers. Child care providers many times seek another type of work because of the universally low wages. This inconsistency in care providers clearly has negative developmental implications, particularly for at-risk children.

The government must lead the way in monetarily valuing the work of the professionals caring for our children during the children's most critical developmental period. Minimum payment rate standards, even higher than the current 75th percentile of market rate, would greatly foster the much-needed expansion of the supply of higher-quality licensed child care available to the poorest families. The alternative is continued use of government funds for unstable, lower quality environments which we know can be irreparably damaging to our most vulnerable children.

Children Must Be Fed Nutritious Meals While In Child Care

Lastly, Members of the Committees should know that one of the most dangerous threats to working poor families posed by the PRA is the dismantling of the Child and Adult Care Food Program through the PRA's formation of one nutrition block grant and removal of federal nutrition requirements. For thousands of working poor Illinois families, this change will mean either increases in their child care costs or the loss of nutritious meals for their children. The proposal to incorporate the CACFP in a block grant would lead to serving some children and not others in small family day care homes, long waiting lists, and the removal of one of the few incentives to day care homes to become licensed and regulated, moving much family day care underground. The resulting turmoil in the child care community would be tremendous. More importantly, the need for good nutrition in the formative years of a child's life is obvious to every member of the Committees. That the PRA adopts this measure, in addition to all the other harmful measures listed above, in order to save federal dollars is ludicrous.

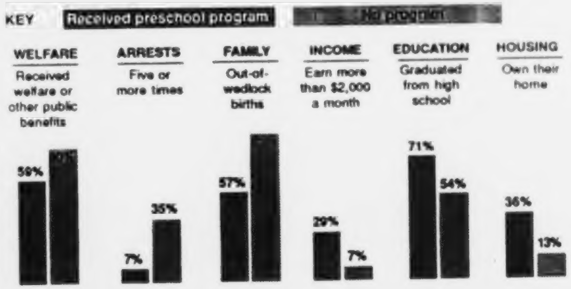
Conclusion

To close, please review the graphic displayed below. **Here all Members are able to see why federally subsidized early childhood programs are not only humane, but ultimately cost efficient. If Members of the Committees are honestly intent on reducing the federal deficit and minimizing the need for government spending and intervention, *prevention* must be the underlying theme of new federal social program policies. Prevention is epitomized by sufficient child care funding which results in sound early childhood environments for at-risk families wanting to break free from intergenerational cycles of poverty.**

From *The New York Times*, Friday, December, 30, 1994:

How a Preschool Program Changed Lives

A research group in Michigan randomly divided 123 3- and 4-year-olds born into poverty into two groups: one that received high-quality preschool education and one that did not. At age 27, 95 percent of the participants were interviewed. Here are the results.



Source: High/Scope Education Research Foundation

Decreasing child care programs by even 20 percent will only lead to much greater costs later, as seen in this graph.

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CARLOS A. ROMERO-BARCELO
PUERTO RICO

WASHINGTON OFFICE
1517 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-5401
(202) 225-2615

DISTRICT OFFICE
P.O. BOX 4751
OLD SAN JUAN, PR 00902-4751
(809) 723-6333

Congress of the United States
House of Representatives
Washington, DC 20515-5401

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HUMAN RESOURCES

NATURAL RESOURCES
SUBCOMMITTEES
NATIONAL PARKS, FORESTS AND PUBLIC LANDS
INSULAR AND INTERNATIONAL AFFAIRS

Hon. Carlos Romero Barceló
Statement for the Record
Joint Hearing: child welfare/child care
Subcommittee on Early Childhood, Youth & Families (EEO)
Subcommittee on Human Resources (Ways & Means)
February 3, 1995

Chairmen of these Subcommittees, fellow colleagues & distinguished guests, welcome and thank you for the opportunity to once again discuss vital issues surrounding the pressing topic of the moment: Welfare Reform.

I am submitting for the record 2 prior statements concerning this issue which I have made last month before the Human Resources Subcommittee and before the Educational & Economic Opportunities Committee, respectively. I also include a statement I made last year in which I emphasized my concerns to Secretary Shalala. These statements outline particular inequities experienced by my constituents, the 3.7 million American citizens of Puerto Rico. I urge you to consider the issues expressed therein and look forward to remedying an arbitrary socio-economic policy that quite simply makes no sense.

I take this opportunity to welcome Assistant Secretary Mary Jo Bane and look forward to her testimony. I formally request from Health & Human Services an official response to the issues raised by my statements and further request summaries on efforts by the Administration to redress welfare issues in Puerto Rico. More importantly, I would like to know precisely what official(s) are engaged in making the ultimate policy decisions in this area.

Thank you and I look forward to the Administration's response.

Attachments:

Statement on Welfare Reform, Subcommittee on Human Resources, 1/30/95
Statement on welfare Reform, Committee on Educational & Economic Opportunities, 1/18/95
Statement on Welfare Reform, Committee on Education & Labor, 8/2/94

Carlos Romero Barceló

CARLOS A. ROMERO-BARCELO
PUERTO RICO

WASHINGTON OFFICE
1517 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-5401
(202) 225-2615

DISTRICT OFFICE
P.O. BOX 4751
OLD SAN JUAN, PR 00902-4751
(809) 723-6333

Congress of the United States
House of Representatives
Washington, DC 20515-5401

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Hon. Carlos Romero-Barceló
Statement for the Record
Committee on Ways & Means
Subcommittee on Human Resources
Hearings: Welfare Reform
January 30, 1995

Mr. Chairman and fellow colleagues of this Subcommittee:

My name is Carlos Romero-Barceló and I am the disenfranchised representative in this Congress of 3.7 million American citizens, which is approximately six times the number of constituents represented by any other Members of Congress. At the beginning of this congressional session I was stripped of my vote in the Committee of the Whole. Now I only vote in the Committees and Subcommittees on which I serve. I thank you for the opportunity to share with you today some of my thoughts concerning the issue at hand: Welfare Reform.

Probably everyone is in agreement that the welfare system must be revamped and that meaningful reform is in order. Nevertheless, the differences in opinion arise on the methods and fine print necessary to achieve real changes that will help those in need to break the cycle of poverty or those who need a second chance.

As a former mayor of a large city, San Juan, and former governor of Puerto Rico, I have experienced on a first hand basis the benefits of some programs and the dangers of others. However, today I must concentrate and call to your attention the particular dilemma facing my district, since I am afraid that once again Congress will continue to condone an "apartheid" system.

I must use this strong word -- apartheid -- because that is precisely the situation that the citizens living in Puerto Rico face, notwithstanding that they are citizens by birth and that Puerto Rico has been a part of the United States for almost 100 years.

To illustrate this de facto "apartheid" situation consider the following facts facing American citizens living in Puerto Rico:

AFDC is inapplicable in Puerto Rico. The Island has been getting a limited partial block grant for many years. The current annual amount, about $80 million, has not changed for almost 10 years and has not even been adjusted for inflation. The average monthly AFDC-equivalent benefit in Puerto Rico is about $32 per recipient, notwithstanding that the cost of living in Puerto Rico is similar or higher than most places across the Nation. Full AFDC participation by eligible beneficiaries would put AFDC expenditures in Puerto Rico at over $400 million per year.

The Earned Income Tax Credit is inapplicable on the Island because we are not fully integrated into the Nation's tax laws.

Title One funds, designed to foster educational opportunities for poor and disadvantaged students, are capped at about 45% of otherwise full applicability of this program.

In the same fashion, the food stamps program is capped at about 60% and the SSI program is inapplicable in Puerto Rico.

To compound the problem, many in Puerto Rico are at the mercy of a second rate health care system. This is so because Medicaid is inapplicable on the Island. We get a block grant that amounts to about 10 to 15% of what Puerto Rico would get under full participation in Medicaid. This translates into an onerous financial burden on public health facilities resulting in a de facto "apartheid" medical system. Those with private insurance and those who can afford it, use private physicians and facilities. But those with limited resources, or with no resources, must use a public health care system that is underfunded, overburdened and one that lacks appropriate and sufficient medical personnel and resources.

What is the genesis of this inequitable dilemma for the American citizens of Puerto Rico? The federal government's "Reverse Robin Hood" socio-economic policy towards the Island.

Let me explain this remark.

Each year, the federal government, through Section 936 of the Internal Revenue Code, grants billions, I emphasize...billions of dollars in tax credits to multinational corporations doing business in Puerto Rico. Meanwhile, it denies participation of children, handicapped and aged U.S. citizens in critical federal programs. Programs, that notwithstanding their merits or deficiencies, do in fact constitute the basis of our Nation's social safety net. Thus, in essence, the federal government is "taking" from the middle class, the working poor and the indigent, in order to grant exemption from federal corporate income taxes to wealthy multinationals. The crux of the dilemma is that Sec. 936 of the I.R.C. is generally used as the excuse for not bringing Puerto Rico up to par in federal policies and programs.

Perhaps this exclusion policy is understandable for some, since Sec. 936 is an extremely inefficient and costly way of promoting job creation. According to the latest estimates from the Joint Tax Committee, Sec. 936 will cost U.S. taxpayers almost $20 billion in the next 5 years. GAO has estimated that Sec. 936 credits amount to an annual subsidy for Sec. 936 companies of over $70,000 for each worker on their payroll. The figure is astounding but the American citizens in Puerto Rico do indeed pay a larger price.

Why? just look at the statistics. The average per capita income on the mainland is approximately $17,000, while the Island's per capita income is little over $6,000. If the existing trend and applicable policies continue, Congress is in effect condoning an apartheid society, one which condemns several million of U.S. citizens in Puerto Rico to an unbreakable cycle of poverty.

What is the solution to this dilemma?

We must look at the big picture. We cannot separate individual programs from others, as they are interconnected. More importantly, we cannot separate taxation policy from the issue of welfare reform. Secretary Rubin has said that the tax code is an instrument of social policy and indeed it is.

I have consistently maintained throughout my years in public office that in order to share in the benefits of the Nation, we must be willing to share in the responsibilities as well. Therefore, it is time for Congress to put an end to the Reverse Robin Hood socio-economic policy for Puerto Rico. To achieve this, a quid-pro-quo process must be put in place so that an orderly transition begins as soon as possible. A transition that will phase-out Sec. 936, implementing federal income taxes in Puerto Rico, in exchange for full participation in the programs I mentioned and the others where we are either denied participation or have capped grants.

Common sense and recent actions by Congress and the Administration indicate that Sec. 936 is not, and should not be, a perpetual federal entitlement for wealthy corporations. During 1993, when the President proposed reductions to Sec. 936 benefits by tying them to direct jobs generated by these companies (i.e., wage credits), the powerful Sec. 936 companies lobbied strenuously against any changes. I do not blame them, they have one of the best-kept secrets in this town, in the words of Senator David Pryor, "Sec. 936 is the mother of tax loopholes". secretary Reich called Sec. 936 "Corporate Welfare". It is indeed the single largest welfare program in Puerto Rico.

In response to a costly and incessant lobby campaign by the entrenched special interest lobby, the changes to Sec. 936 enacted in June of 1993, were less than the changes proposed by the President. Nevertheless, Congress has to keep in mind that for the first time ever, the federal Treasury began collecting last year corporate income taxes from these companies in Puerto Rico. Sec. 936 taxes will likely exceed $600 million for 1994 and by the end of 1998, the federal government will have probably collected $5 billion.

Any changes to Sec. 936 will be zealously attacked by the 936 lobby, in particular by the pharmaceutical sector. But I urge you to look at the facts. For example, during the 1993 "936-debate" the affected companies predicted a doom scenario for the manufacturing sector in Puerto Rico if 936 was altered. A year and half after the changes, Puerto Rico has now its lowest unemployment rate in twenty years (still very high at about 12%). Meanwhile, 936 jobs have remained practically stagnant for more than 10 years.

Puerto Rico and its workers have much to offer and their productivity is as good as or better than that found anywhere else. Our quality controls are A-1. Our local economy cannot continue to be at the mercy of a regressive tax policy that fosters an economic dilemma for Puerto Rico, and one that inhibits the attraction of venture capital and research & development investments.

Puerto Ricans are ready for a quid-pro-quo approach. Prominent local political and business leaders, including the Governor, have publicly indicated that they would support changes to Sec. 936 if they result in a better quality of life for the citizens of Puerto Rico. For the reasons I just indicated, there is no doubt that an orderly phase-out will indeed translate into a better economic future for all of us.

As we enter into a new century, this Congress and Puerto Rico must be able to face the challenges of a new era. We cannot leave behind a group of citizens that are and should continue to be an integral part of this great Nation. Puerto Ricans are willing to share in their responsibilities in order to share better economic opportunities and a chance to participate in the American dream.

Furthermore, contrary to public perception, residents in Puerto Rico have indeed a heavy local taxation burden, higher than in many jurisdictions in the Nation even when taking into consideration all federal and local taxes. In addition, people in Puerto Rico are already subject to an array of federal taxes and user fees including Social Security taxes, unemployment taxes, custom duties, certain excise taxes, and even certain income taxes. In fact, IRS collected $2.5 billion in federal taxes from Puerto Rico in 1993. This amount will exceed $3 billion for 1994.

Thus, these taxes, the new revenue already generated through Sec. 936 and any further reductions or modifications to Sec. 936, must be taken into consideration by this Committee when allocating programmatic resources and tools for Puerto Rico and for the rest of the Nation, and vice versa.

In brief, I urge you to put together all the pieces of the economic and welfare puzzle as they currently adversely affect Puerto Rico, in order to make applicable and available to them not only the same opportunities and tools available to their mainland fellow citizens, but the same responsibilities as well.

Let us please end the course of economic "apartheid" and bury the existing counter-productive "Reverse Robin Hood" socio-economic policy.

Thank you for your interest and attention to my statement and I look forward to working with you on this and other issues.

Attachments:

CRB's statement on Welfare Reform, Committee on Educational & Economic Opportunities (1/18/95).
CRB's statement on Welfare Reform, Committe on Education & Labor (8/2/94).

CARLOS A. ROMERO-BARCELO
PUERTO RICO

WASHINGTON OFFICE
1517 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-5401
(202) 225-2615

DISTRICT OFFICE
P.O. BOX 4751
OLD SAN JUAN, PR 00902-4751
(809) 723-6333

Congress of the United States
House of Representatives
Washington, DC 20515-5401

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AND PUBLIC LANDS
INSULAR AND
INTERNATIONAL AFFAIRS

Hon. Carlos Romero-Barceló
Opening Statement for the Record
Committee on Economic & Educational Opportunities
January 18, 1995 (RE: Welfare Reform)

Mr. Chairman and fellow colleagues of the Committee, once again we meet to discuss issues surrounding welfare reform. I am sure that everyone here favors welfare reform, the differences among us may lie on how to best achieve meaningful changes that make government programs work in a fairer and more efficient manner. In our deliberations, we should not lose sight of the fact that welfare programs should equip the poor with tools and opportunities to lift themselves out of poverty.

I will focus on the dilemma facing my district -- Puerto Rico -- home to 3.7 million American citizens. I take the opportunity to reintroduce for the record my remarks given during a hearing on this subject last year. They explain the socio-economic dilemma faced by citizens in Puerto Rico, a situation caused by inconsistent and contradictory federal policies towards the Island.

I use the word dilemma because statistics show that the income gap between the Island and the mainland continues to widen and the trend indicates that the gap will continue to grow. The average per capita income on the mainland is approximately $17,000 while the Island's per capita income is about $6,000. If the existing trend and applicable federal policies continue, Congress is in effect condoning the creation of an apartheid society, one which condemns several million of U.S citizens in Puerto Rico to an unbreakable cycle of poverty.

I am confident that many will agree with Tommy Thompson, the Governor of Wisconsin, who has said in that in order to achieve meaningful welfare reform, we must be willing to make long time investments to bring about change.

Congress and successive administrations have for years supported what I call the "Reverse Robin Hood Policy" for Puerto Rico. This is so because the federal government grants billions, I emphasize...billions of dollars in tax credits to multinational corporations doing business in Puerto Rico while it denies participation of children, handicapped and aged U.S. citizens in critical federal programs. In essence, the federal government is "stealing" from the middle class, the working poor and the indigent, in order to give what amounts to exemption from federal corporate taxes to wealthy multinationals. The tax exemption, known as Section 936 of the Federal Internal Revenue Code, is generally used as the excuse for not bringing Puerto Rico up to par in federal policies and programs.

For example, the working poor, the elderly, children at risk and families in need are at a disadvantage if they reside on the Island. This is so because of the following:

> The Supplemental Social Security Income program (SSI) is inapplicable in Puerto Rico.
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> The Earned Income Tax Credit is inapplicable.
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> Title One funds, designed to foster educational opportunities for poor and disadvantaged students, are capped at about 45% of otherwise full applicability of this program.
>
> In the same fashion, the food stamps program is capped at about 60% and AFDC is capped at about 20%.
>
> To compound this lamentable situation, many in Puerto Rico are at the mercy of a second rate health care system. This is so because Medicaid is inapplicable on the Island. We get a block grant that amounts to about 10 to 15% of what Puerto Rico would get under full participation in Medicaid. This translates into an onerous financial burden on public health facilities resulting in a de facto "apartheid" medical system. Those with private insurance and who can afford it, use private physicians and facilities. But those with limited resources, or with no resources, must use a public health care system that is underfunded, overburdened and one that lacks appropriate medical personnel and resources.

Thus, I have been consistent throughout my 30 years in public life, in that in our struggle to obtain equal participation in the resources of the nation, we must be willing to share equally in the burdens and responsibilities also -- and we are. However, we do not have a say in this matter. Congress has absolute power and discretion over the affairs of Puerto Rico. Therefore my colleagues, and with all due respect, it is up to you to take corrective action and reverse the socio-economic dilemma faced by American citizens in my district.

Treasury Secretary Rubin has said that "the tax code is an instrument of public policy", and it certainly is. I am working with Members of the Budget and Ways & Means Committees, and with the Executive branch, in order to eliminate the "Reverse Robin Hood" policy. But I also need your support in order to achieve mutually beneficial changes.

As the distinguished Chairman of this Committee has indicated, all programs are under scrutiny and on the table. Thus, those programs and policies adversely affecting Puerto Rico must be on the table also.

Give us equal rights and responsibilities, because as I said before, poverty demoralizes not only the one who suffers from it, but also demoralizes the society that tolerates it or worse, tries to ignore it.

Attachment (CRB's remarks 8/2/94)

Hon. Carlos Romero-Barceló
Committee on Education and Labor
(Remarks)
August 2, 1994

RE: H.R. 4605 "Work & Responsibility Act of 1994" (Welfare Reform)

I COMMEND THE PRESIDENT FOR HIS LEADERSHIP IN ATTEMPTING TO BRING ABOUT MEANINGFUL CHANGE TO OUR NATION'S WELFARE SYSTEM, LIKE HE SAID -- "TO END WELFARE AS WE KNOW IT".

MY COLLEAGUES IN THE FRESHMAN CLASS HAVE ALSO TAKEN THE INITIATIVE OF ADDRESSING THE NEED FOR WELFARE REFORM, AND WE DID ENGAGE IN A THOROUGH PROCESS THAT CULMINATED IN A DOCUMENT THAT LAYS OUT THE CONSENSUS OF THIS GROUP.

AMONG THE KEY ASPECTS OF OUR RECOMMENDATIONS IS THE FIRM BELIEF THAT THE REFORM'S GOALS MUST AIM AT PROMOTING SELF-SUFFICIENCY AND THAT THE SHORT-TERM EXPENDITURES NECESSARY TO IMPLEMENT THE REFORM MUST NOT BE FINANCED BY THE POOR. WHATEVER AMOUNT WE INVEST IN WELFARE REFORM THIS YEAR MUST BE INVESTED IN SUCH A WAY THAT IT WILL RENDER MUCH GREATER BENEFITS TO OUR SOCIETY AS A WHOLE IN A FEW YEARS THAN THE PRESENT PROGRAMS HAVE BEEN ABLE TO.

THE NATIONAL CONSENSUS IS CLEAR IN ITS CONCLUSION THAT THE WELFARE SYSTEM IS BROKEN AND THAT IT NEEDS A MAJOR OVERHAUL. THEREFORE, WE MUST BE WILLING TO COME-UP WITH A MEANINGFUL STRATEGY AND WITH THE INNOVATIVE PROGRAMS NEEDED TO FIX THE PROBLEMS AND IMPLEMENT THE SOLUTIONS THAT WILL ULTIMATELY REWARD WORK, SELF-SUFFICIENCY, FAMILY UNITY AND RESPONSIBILITY.

NEVERTHELESS, LET US NOT FORGET THAT WE WILL ALWAYS HAVE A SMALL PROPORTION OF OUR POPULATION THAT FOR VALID REASONS WILL NOT BE ABLE TO ATTAIN FULL SELF-SUFFICIENCY. THOSE INDIVIDUALS AND THEIR FAMILIES WILL NEED SOME TYPE OF ASSISTANCE FROM THE GOVERNMENT: FOR EXAMPLE, PEOPLE WITH CHRONIC DISABILITIES, INDIGENT SENIOR CITIZENS, CHILDREN AT RISK AND WOMEN WITH CHILDREN WHO MUST TAKE CARE OF THEM PERSONALLY.

WE ALSO REITERATE THAT THE REFORM EFFORT MUST ENVISION A COMPREHENSIVE WELFARE STRATEGY WHICH WILL RESULT IN CAREFULLY

DESIGNED PROGRAMS THAT WILL HELP PEOPLE PULL THEMSELVES OUT OF POVERTY. THUS, THE PRESIDENT'S PLAN MUST CONSIDER THE POSSIBILITY OF EXTENDING WELFARE RESOURCES AND RESPONSIBILITIES TO GROUPS THAT HAVE BEEN TRADITIONALLY EXCLUDED OR UNDERSERVED BY WELFARE MECHANISMS.

A CASE IN POINT IS WHAT IS HAPPENING IN MY OWN DISTRICT, PUERTO RICO, HOME TO OVER 3.6 MILLION AMERICAN CITIZENS BY BIRTH, WHERE A LARGE SEGMENT OF THE POPULATION HAS BEEN CONDEMNED TO A PERMANENT UNDERCLASS OF POVERTY BY INCONSISTENT AND TOTALLY CONTRADICTORY FEDERAL POLICIES TOWARDS THE CITIZENS IN PUERTO RICO.

FIRST-TERM MEMBERS OF CONGRESS HAVE CONDEMNED THE GEOGRAPHICAL DISCRIMINATION TOWARDS THE CITIZENS LIVING IN THE TERRITORIES. IN THE PARTICULAR CASE OF PUERTO RICO, I AM APPALLED BY THE RECOMMENDATIONS OF THE ADMINISTRATION, WHICH SEEM TO DISREGARD ISSUES THAT I HAVE ATTEMPTED TO BRING TO THE TABLE. THE PROPOSED LEGISLATION DOES NOT ADDRESS AT ALL THE CAUSES AND ROOTS OF POVERTY IN PUERTO RICO, THE POOREST PER-CAPITA JURISDICTION IN THE ENTIRE NATION. AS A MATTER OF FACT, IN PUERTO RICO IT DOES JUST THE OPPOSITE. THE WELFARE REFORM INCREASES THE DIFFERENCE IN RESOURCES AND OPPORTUNITIES TO THE POOR, THE ELDERLY, ABANDONED MOTHERS, THE HANDICAPPED AND CHILDREN.

UNFORTUNATELY, THE INCOME GAP BETWEEN THE MAINLAND AND PUERTO RICO CONTINUES TO WIDEN WITH THE PASSING OF THE YEARS AND THE ISLAND'S PER CAPITA INCOME IS THREE TIMES BELOW THE NATIONAL AVERAGE. THIS RESULT IS BROUGHT ABOUT BY THE GEOGRAPHIC DISCRIMINATION AGAINST THE U.S. CITIZENS IN PUERTO RICO.

THE WHITE HOUSE TASK FORCE HAS MERELY PROPOSED A 25% INCREASE TO THE ALREADY EXISTING ARBITRARY CAP APPLICABLE TO PUERTO RICO, A CAP THAT HAS NOT BEEN SIGNIFICANTLY TOUCHED IN THE LAST 15 YEARS! THE CAP WILL AMOUNT TO $102.5 MILLION, UP FROM THE CURRENT $80 MILLION. DO YOU HONESTLY BELIEVE THAT THE $20.5 MILLION INCREASE WILL HAVE ANY SIGNIFICANT EFFECT TO HELP MORE THAN 50% OF THE 3.6 MILLION U.S. CITIZENS IN PUERTO RICO WHO LIVE IN POVERTY LIFT THEMSELVES OUT OF POVERTY? HOW CAN ANYONE RATIONALIZE SUCH A POLICY DECISION?

THE GOALS AND BENEFITS THAT WELFARE REFORM WILL RENDER TO THE POOR AND UNDER-PRIVILEGED IN THE 50 STATES ARE NOT IN THE HORIZON FOR PUERTO RICO AND THE OTHER TERRITORIES. THIS SITUATION CANNOT BE TOLERATED IN A FIRST RATE DEMOCRATIC NATION LIKE OURS. THE

ADMINISTRATION IS PLAINLY IGNORING THE ISSUE IN ITS TERRITORIES. ARE THE LIVES OF U.S. CITIZENS IN THE TERRITORIES LESS IMPORTANT THAN THE LIVES OF U.S. CITIZENS IN THE 50 STATES?

TO GIVE YOU AN IDEA ON HOW INCONSISTENT THE FEDERAL POLICIES TOWARDS PUERTO RICO ARE, CONSIDER THE FOLLOWING: ELDERLY POOR AND/OR DISABLED CITIZENS ARE NOT ELIGIBLE FOR SUPPLEMENTAL SECURITY INCOME ASSISTANCE. A FAMILY OF THREE ELIGIBLE FOR AFDC PAYMENTS (AID TO FAMILIES WITH DEPENDENT CHILDREN) RECEIVE ONLY A MONTHLY AVERAGE PAYMENT OF $98, THIS SAME FAMILY LIVING IN THE MAINLAND WOULD RECEIVE APPROXIMATELY $450 PER MONTH.

TO COMPLICATE MATTERS FURTHER, THIS SAME FAMILY NOT ONLY LACKS OF ADEQUATE RESOURCES TO STAY AFLOAT, BUT IN FACT FACES A CATCH-22 SITUATION SINCE SUCH A FAMILY IN PUERTO RICO CANNOT TAKE ADVANTAGE OF THE EARNED INCOME TAX CREDIT — A PROGRAM SPECIFICALLY DESIGNED TO PROVIDE INCENTIVES FOR THE WORKING POOR — WHICH IS INAPPLICABLE IN PUERTO RICO.

THE EARNED INCOME TAX CREDIT IS A CRITICAL COMPONENT OF THE WELFARE REFORM EFFORTS AND WE THANK THE PRESIDENT AND MANY MEMBERS OF THIS HOUSE FOR HAVING EXPANDED THIS PROGRAM IN A SIGNIFICANT WAY LAST YEAR. BUT IN PUERTO RICO – TO THE WORKING POOR IN MY ISLAND – THE EXPANSION NOT ONLY DOES NOT HELP IN ANY WAY, BUT ON THE CONTRARY, IT HELPS ONLY TO WIDEN THE INCOME GAP BETWEEN THE U.S. CITIZENS IN PUERTO RICO AND THE CITIZENS IN THE 50 STATES.

HOWEVER, INSTEAD OF ADDRESSING THE CRITICAL NEEDS OF THOUSANDS OF CITIZENS IN MY DISTRICT, CONGRESS AND THE FEDERAL GOVERNMENT HAVE OPTED FOR GIVING TO WEALTHY CORPORATIONS IN PUERTO RICO EXTREMELY GENEROUS TAX BREAKS, AMOUNTING TO BILLIONS OF DOLLARS EACH YEAR, YES BILLIONS – WITH A "B" AS IN BARBARIC – AND NOT TAXING THOSE OF US WHO CAN PAY, AND THEN DENY THE NEEDY CITIZENS THE BENEFITS THEY SHOULD BE ENTITLED TO.

AS A COLONIAL DELEGATE WITHOUT THE POWER OF THE VOTE IN THIS HOUSE, I CAN ONLY BRING TO YOUR ATTENTION THE NEED FOR MEANINGFUL CHANGES LONG OVERDUE FOR YOUR FELLOW CITIZENS IN PUERTO RICO. I CANNOT VOTE, BUT MY COLLEAGUES CAN, AND THE POWER TO CHANGE THINGS RESTS ON THEM AND ON THE PRESIDENT.

THE POOR DO NOT PAY TAXES AND THEY SHOULD NOT BE CONDEMNED TO A PERMANENT UNDERCLASS. WE MUST AGGRESSIVELY PROMOTE POLICIES THAT BREAK THE POVERTY CYCLE. THERE ARE OVER 140,000 CHILDREN LIVING IN

POVERTY IN PUERTO RICO. WHAT SHALL I ANSWER THEM WHEN THEY OR THEIR MOTHERS ASK ME WHY THEY WERE EXCLUDED?

THE POOR, WHEREVER THEY ARE IN OUR NATION, SHOULD HAVE MEANINGFUL OPPORTUNITIES THAT WILL ENABLE THEM TO PROGRESS AND BREAK THE CYCLE OF POVERTY. POOR PEOPLE IN PUERTO RICO IN NEED OF NUTRITIONAL ASSISTANCE CAN ONLY OBTAIN 2/3 OF WHAT THEIR COUNTERPARTS IN THE 50 STATES RECEIVE BECAUSE THE FOOD STAMPS PROGRAM IS ALSO CAPPED. EVEN POOR CHILDREN ARE SHORTCHANGED IN THEIR EDUCATIONAL OPPORTUNITIES SINCE FEDERAL ASSISTANCE UNDER THE CHAPTER ONE PROGRAM, WHICH IS DESIGNED TO ASSIST POOR SCHOOL CHILDREN, IS ALSO SEVERELY CAPPED AT ABOUT 45% OF WHAT IT WOULD BE IF WE WERE A STATE.

POVERTY DEMORALIZES NOT ONLY THE ONE WHO SUFFERS FROM IT, BUT ALSO DEMORALIZES THE SOCIETY THAT TOLERATES IT.

THUS, I CALL ON THIS CONGRESS AND ON THIS ADMINISTRATION TO SERIOUSLY CONSIDER THE REPERCUSSIONS OF TOLERATING DISCRIMINATION AGAINST NEEDY U.S. CITIZENS. GEOGRAPHIC LOCATION SHOULD NOT BE A BARRIER TO BETTER OPPORTUNITIES. LET US PROVIDE THE APPROPRIATE TOOLS AND RESOURCES AND MOST PEOPLE WILL HELP THEMSELVES.

THERE IS NO JUSTIFICATION FOR THE AFDC CAP CONTAINED IN THIS BILL AND I URGE MY COLLEAGUES TO SUPPORT ME IN SEEKING ITS REMOVAL.

MR. CHAIRMAN I ASK FOR UNANIMOUS CONSENT TO REVISE AND EXTEND MY REMARKS AS I WILL BE SUBMITTING FOR THE RECORD SEVERAL ADDENDUM WHICH WILL EXPAND ON THE POINTS I HAVE JUST MENTIONED AND WHICH MAY INCLUDE ADDITIONAL QUESTIONS ADDRESSED TO ADMINISTRATION OFFICIALS.

I THANK THE ADMINISTRATION FOR FOSTERING A CAREFUL ANALYSIS OF THE WELFARE ISSUE AND FOR SEEKING A CONSENSUS ON SOLUTIONS THAT WILL BENEFIT ALL OF US HOWEVER, I MUST CRITICIZE ITS UNWILLINGNESS TO ADDRESS THE WELFARE POLICY DILEMMA THAT AFFECTS HUNDREDS OF THOUSANDS OF AMERICAN CITIZENS IN PUERTO RICO. THANK YOU.

STATEMENT OF DR. PREMA MATHAI-DAVIS
NATIONAL EXECUTIVE DIRECTOR
YWCA OF THE U.S.A.

My name is Dr. Prema Mathai-Davis and I am the National Executive Director of the YWCA of the U.S.A., a national women's organization with 374 affiliates serving one million women and their families. I appreciate the opportunity to provide this written testimony on the subject of child care and the importance it plays in the lives of women. I know many of you have visited YWCAs in your Congressional Districts and are aware of the fine work being done throughout the United States to help women become independent of public support. Congressman Castle visited the YWCA of Castle County Homelife Management Center, a transitional housing program offering residential life skills and case management and saw first hand this program which led many mothers to learn skills to enable them to become independent. It would have been impossible for the mothers in this Delaware program to take advantage of the training leading to self-sufficiency, if child care were not available and affordable through government funding. We have similar programs throughout the country and invite members of this subcommittee to visit so you too can see programs which work, at significant long range financial savings to cities, states, and federal spending.

As a provider of service for more than 100 years in housing, employment training, child care and health, the YWCA of the U.S.A. recognizes the need for bringing multiple child care programs under one funding stream. We support this effort so long as such consolidation provides adequate support and funding to enable families to break the cycle of poverty.

I am testifying on behalf of the 229 YWCAs which care for more than 350,000 children every day to urge you to retain three elements of the current Child Care Development Block Grant: 1) the set-aside for training of child care providers; 2) the inclusion of school-age child care as a required component for funding; and 3) the current entitlement component of the At-Risk Child Care Program, Title IV-A Child Care for AFDC Recipients and Title IV-A Transitional Child Care. I also urge an increase in child care resources and for the subcommittee to keep the Child and Adult Food Grant (CACFP) and Head Start programs as separate programs.

Training for child care providers

Many child care providers are themselves recently off of welfare. Child care agencies, such as the YWCA, provide an entry level work opportunity where mothers can enhance their working and parenting skills. The excellent training provided by this program has helped child care employees gain valuable skills, move up the career ladder and increase their self-sufficiency.

If welfare reform is instituted, with more mothers required to return to work and the number of affordable child care slots insufficient to meet the needs of low income women, some states will eliminate training to create more child care spots.

In 1989, prior to the passage of the Child Care Development Block Grant, nearly half of the states provided little or no assistance to providers in improving their skills with children. Currently, nearly every state provides some training, and they also have choice in the method of using this training set-aside. This program has worked effectively in improving quality child care and enhancing women's employment opportunities. We urge you not to change this effective set-aside in the new block grant.

School-age child care

The YWCA, along with many community-based organizations, has a long history of providing school age child care, particularly after-school programming. Child care needs do not stop when a child enters school as any parent will readily acknowledge and as many employers can attest. The 3:15 call to the workplace has been noted by the telephone companies, as volume increases when "latch-key" children call their parents. Studies also show that the majority of teen-age parents became pregnant between 3 and 7 P.M. when there is no adult supervision. In addition, fire departments have identified an increase in arson by school-age children who are not supervised after school. We encourage language in the final bill which recognizes the need for child care from birth through age 14 and includes community-based organizations as recipients of governmental funding. We also support collaborative programming between schools and organizations, such as the YWCA.

Entitlements

Low and moderate-income mothers cannot work without affordable child care. Currently three child care programs function as entitlements. They are the Title IV-A Child Care Program for AFDC Recipients, the Title IV-A Transitional Child Care and the "At-Risk" Child Care Program. Removing the entitlement component of programs for women receiving AFDC or beginning new entry level employment will make it impossible for many willingly employed mothers to work. If the entitlements are removed, states will be faced with impossible decisions about which parents should have child care: low income employed parents or those going off welfare. Will we continue the revolving door of employment and unemployment or will we fund programs which encourages job and salary advancement?

At a time when Congress has stated that states will have no unfunded mandates, removing parents from welfare without funding child care slots as an entitlement is a form of "unfunded mandate" for American workers. If welfare reform requires work for people previously receiving AFDC, Congress must also fund affordable child care for the newly employed people. Elimination of these Entitlements could lead to an increase in crime, more homeless sleeping outside businesses, alternative negative behavior becoming the norm, and, most importantly, America's children irreversibly harmed.

Adequate resources through Private-Public Partnership

In 1994, the YWCA provided job training for more than 50,000 people in 173 communities and other career services for 40,000 people in 67 communities. We provided low income housing for more than 150,000 women, children, and families in more than 250 communities. We provided child care for more than 350,000 children in over 1000 sites. All of those services have been provided because we believe in empowering women to be self-sufficient. But our 135 years of experience in housing, employment, and child care has taught us that self-sufficiency cannot occur if women do not have safe child care provisions for their children. Our experience has also taught us that successful programs are the result of private-public partnerships. Affordable child care can only be provided with the combined resources of government, the for-profit sector and nonprofit organizations.

Simplifying the funding streams by combining programs into one can be an asset, but that alone will not solve the major problem of child care which is inadequate funding. Eliminating entitlements will place competing demands on states which many will not be able to meet without reducing services, at a time when welfare reform requires even more services.

Maintenance of Federal Programs that Work

I urge you to keep the following two programs separate from an enlarged child care block grant: (1) food programs, including the Child and Adult Care Food Grant (CACFP) and (2) Head Start.

Both of these programs have operated as separate Federal programs since their inception. They are both examples of successful programs which are performing as intended. They should remain Federal programs. Giving the states the option to run one or both of these programs would put badly needed programs in jeopardy. Furthermore if a state decided, for the interest of children's growth and development, to establish a new food program and/or Head Start, that state would have to set up new administrative organizations, a needless use of time and money. Placing one or both programs in a block grant with child care programs and not providing sufficient funds to meet the needs of working people, will also mean wasted energy as competing demands are placed on states.

Summary

In summary, on behalf of the more than one million YWCA members and their families, I urge Members of this Sub-Committee to:

- Maintain training as a separate set-aside for states;
- Continue support of school-age child care;
- Keep entitlements in Title IV-A child care programs and the "at-risk" child care program;
- Increase resources to child care so that AFDC parents can work and so that low and moderate income parents can continue to work; and
- Leave CACFP and Head Start as they have been since they were created.

Taken together, the above recommendations provide a sound program to accompany the new enlarged child care block grant currently under discussion.

I'd like to end this written testimony as I began, by inviting any or all of the members of this subcommittee to visit a YWCA to see programs building self-sufficiency in operation.

Dr. Prema Mathai-Davis
YWCA of the U.S.A
726 Broadway
New York, NY 10003
212/614-2700

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